STATE OF THE NATION'S CHILD WELFARE SYSTEM

HEARING

BEFORE THE

SUBCOMMITTEE ON HUMAN RESOURCES

OF THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

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CONTENTS

Page

Press release of Thursday, February 14, 1991, announcing the hearing 2

WITNESSES

U.S. Department of Health and Human Services, Wade F. Horn, Ph.D., Commissioner, Administration for Children, Youth and Families, and Ray Sirry, Associate Commissioner, Children's Bureau, Administration for Children, Youth and Families 4

Congressional Budget Office, Julia B. Isaacs, Analyst, Budget Analysis Division 133

American Public Welfare Association, National Commission on Child Welfare and Family Preservation and the National Council of State Human Service Administrators, Gary J. Stangler, Missouri Department of Social Services 72

Berlin, Gordon, Manpower Demonstration Research Corp 122

Children's Defense Fund, MaryLee Allen 89

Child Welfare League of America, Inc., David S. Liederman 27

National Association of Counties, Susan Lacey; County Supervisor, Ventura County, Calif 18

National Governors' Association, Peter Walsh, Maine Department of Human Services 82

New York State Department of Social Services, Fred H. Wulczyn 113

SUBMISSIONS FOR THE RECORD

Los Angeles County, Calif., Department of Children's Services, Peter Digre, statement 167

Suffolk County, N.Y., Department of Social Services, Ruth A. Brandwein, statement 170

STATE OF THE NATION'S CHILD WELFARE SYSTEM

TUESDAY, MARCH 19, 1991

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON HUMAN RESOURCES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room B-318, Rayburn House Office Building, Hon. Michael A. Andrews, presiding.

[The press release announcing the hearing follows:]

FOR IMMEDIATE RELEASE
THURSDAY, FEBRUARY 14, 1991

PRESS RELEASE #6
SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
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WASHINGTON, D.C. 20515
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THE HONORABLE THOMAS J. DOWNEY (D., N.Y.), ACTING CHAIRMAN, SUBCOMMITTEE ON HUMAN RESOURCES, COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, ANNOUNCES A HEARING ON THE STATE OF THE NATION'S CHILD WELFARE SYSTEM

The Honorable Thomas J. Downey (D., N.Y.), Acting Chairman, Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives, today announced the Subcommittee has scheduled the first in a series of hearings on the state of the nation's child welfare system. The hearing will be held on Tuesday, March 19, 1991, beginning at 10:00 a.m. in room B-318 Rayburn House Office Building. Although testimony at this hearing will be limited to invited witnesses only, public witnesses will have an opportunity to testify at each of the subsequent hearings on child welfare.

In announcing the hearing, Chairman Downey stated: "During the last session of Congress, the Subcommittee on Human Resources reported a major initiative that would address some of the overwhelming problems facing our child welfare system. This hearing will provide new Members and veterans of the Subcommittee an opportunity to investigate the sad state of a system that represents the last line of defense for vulnerable children and their families. As reports of abuse and neglect have skyrocketed, and crack cocaine has struck at the core of the family, States and localities are barely able to respond to crises, much less develop services to strengthen families and ensure that children do not languish in foster care."

Federal assistance to the States and localities for child welfare is funded primarily through three programs authorized by the Social Security Act: the child welfare services program under title IV-B of the Act, and the foster care maintenance payments and adoption assistance programs under title IV-E of the Act. The child welfare services program provides flexible funds to the States for a range of social services to families and children to protect and promote the welfare of children, address abuse or neglect, preserve families with a child at risk of a foster care placement, reunite families whose child has been placed in foster care, and place children in foster and adoptive homes. The foster care maintenance payments program provides Federal reimbursement to the States for monthly foster care payments for AFDC-eligible children. The adoption assistance program provides Federal reimbursement for monthly adoption assistance payments made on behalf of AFDC- and SSI-eligible children with special needs who are hard to place for adoption.

The last significant Federal child welfare legislation -- the Adoption Assistance and Child Welfare Amendments of 1980 -- was enacted more than a decade ago. A major goal of the legislation was to provide Federal incentives and requirements for services to families designed to prevent unnecessary foster care placement and for activities designed to reduce lengths of stay in foster care before a permanent home is found. At this first hearing, Subcommittee Members will have an opportunity to review trends in spending and caseloads for the Federal foster care program, to examine Federal funding incentives for various child welfare activities, and to evaluate the overall state of State and local child welfare systems.

(MORE)

WRITTEN STATEMENTS IN LIEU OF PERSONAL APPEARANCE:

Any interested person or organization may file written comments for consideration by the Subcommittee and for inclusion in the printed record of the hearing. Persons submitting written statements for the printed record should submit at least six (6) copies of their statement by the close of business, Tuesday, April 2, 1991, to Robert J. Leonard, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements wish to have their statements distributed to the press and interested public, they may deliver 100 additional copies for this purpose to the Subcommittee office, room B-317 Rayburn House Office Building, on or before the day of the hearing.

FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be typed in single space on legal-size paper and may not exceed a total of 10 pages.

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. Statements must contain the name and capacity in which the witness will appear or, for written comments, the name and capacity of the person submitting the statement, as well as any clients or persons, or any organization for whom the witness appears or for whom the statement is submitted.

4. A supplemental sheet must accompany each statement listing the name, full address, a telephone number where the witness or the designated representative may be reached and a topical outline or summary of the comments and recommendations in the full statement. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press and the public during the course of a public hearing may be submitted in other forms.

* * *

Mr. ANDREWS. The subcommittee will come to order. The Acting Chairman, Tom Downey, is in Kuwait this morning, I hope safely. I suggested to Tom that if he is captured it could be great for his career and I would move up in seniority. But he is on a trip with the leadership of the House and it's an important one. He spoke with me last week. Child welfare, of course, is one of the most important issues to Tom and to the subcommittee and he wanted to go forward with the hearings and we will do that today.

We begin this morning the first in a series of hearings on child welfare services. This hearing will give us a broader overview of the major issues facing State and local child welfare systems and an opportunity to explore some recent research findings.

In April and May we will continue the series with hearings that focus on substance abuse, preventive programs and adoption. It is an understatement to say that our Nation's child welfare system is in disarray. While there are some points of light, many of the statistics are disheartening. Reports of child abuse and neglect doubled between 1980 and 1988. Workers report trouble investigating all cases, much less providing services to families in need of help. Many courts are similarly overwhelmed in handling abuse and neglect cases and reviewing foster care placements.

These systemic problems were there before the crack epidemic but that drug crisis has helped bring them to light. In the late 1980s, during the height of the crack problem, foster case caseloads increased 29 percent in 3 years. It is my hope, as well as Mr. Downey's, that we report a child welfare measure this year. I think we can make a difference and I think these hearings are very important. We look forward to hearing from all of the witnesses today.

Our first witness is Dr. Wade Horn, Commissioner, Administration for Children, Youth and Families of the Department of Health and Human Services. Dr. Horn, welcome to the committee. Please, if you would, just in general tell us your views without reading your entire statement.

STATEMENT OF WADE F. HORN, PH.D., COMMISSIONER, ADMINISTRATION FOR CHILDREN, YOUTH AND FAMILIES, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, ACCOMPANIED BY RAY SIRRY, ASSOCIATE COMMISSIONER, CHILDREN'S BUREAU, ADMINISTRATION FOR CHILDREN, YOUTH AND FAMILIES

Mr. HORN. Thank you, Mr. Chairman, for giving me this opportunity to testify today on foster care, adoption and child welfare services. I am accompanied by Ray Sirry, who is the Associate Commissioner of the Children's Bureau within the Administration for Children, Youth and Families.

I agree that child welfare services are confronted with problems today, as great as any time in our history. After years of decline, the number of children entering foster care is rapidly increasing, with placements representing children who have been more seriously victimized than ever before.

Child welfare agencies are struggling to keep up, but are often confronted with high caseloads. Unfortunately the picture is critical and the child welfare system is, indeed, in crisis.

Ironically it is also true that during the past 15 years the child welfare field has made great strides conceptually. There is a greater knowledge and consensus today about the needs of families and children than ever before. These concepts are generally centered on what is known as permanency planning. Public Law 96-272 institutionalized the concept of permanency planning and carried it forward with various incentives to States.

Indeed, the reforms contained in Public Law 96-272 resulted in a number of significant improvements in child welfare including fewer children in foster case, significantly reduced lengths of stay in foster care, fewer children in institutional care, children being placed closer to home in foster care, the provision of major safeguards and protections to all children in foster care, and the adoption of over 50,000 special needs children.

However, the platitude that today's solution is tomorrow's problem soon showed itself to be true. The emphasis upon family preservation led to a strong emphasis on parents' rights, sometimes seemingly at the expense of children's needs. This made it more difficult to terminate parental rights, even when there was strong evidence of parental inadequacy or ongoing abuse. At the same time, the supply of foster homes diminished and child and family problems increased—most notably the result of an increasing prevalence of substance abuse and especially the abuse of crack cocaine by parents.

If we are to effectively address this crisis in child welfare, we should be wary of reforms that are more prescriptive in nature than the programs we currently administer. For although these reforms may result in short-term improvements, we should be careful that they do not create difficulties in responding to any new crises in the future.

Unfortunately some of the reforms currently being considered by Congress are highly prescriptive. Indeed, some take the most flexible of all Federal funding streams, title IV–B, and extensively earmark many of the funds for very specific services and activities. Rather than responding to current crises with new categorical requirements or prescriptive earmarks, child welfare reform should be directed towards allowing the States and localities greater flexibility in order to respond to local needs.

Consistent with this view, the Department has taken a three-pronged approach to foster care reform. First, we are developing a legislative proposal to increase funding in title IV–B, while at the same time, addressing the rapidly escalating costs in the title IV–A administrative cost program. Second, we are moving forward with improvements in our oversight of the child welfare field, including reform of the section 427 review process, and the implementation of a national data collection system for foster care and adoption. Third, we are enhancing our efforts to provide technical assistance to the States.

I would like to take a few moments and just briefly describe each of these efforts for you. Between 1987 and 1991, State claims for administrative expenditures will have grown by 158 percent; from $297 million to $765 million. This is a substantially higher rate of growth than the growth in the average monthly number of children, a 40 percent increase, and the growth in maintenance pay-

ments, 110 percent increase. There is no evidence that the increase in administrative claims has resulted in more or better services for children.

Consequently, we are proposing legislation to address this escalation in title IV-E administrative costs by precluding Federal reimbursement for administrative costs associated with certain preplacement activities. At the same time, we are requesting an increase of $90 million in the title IV-B program, the most flexible of all Federal funding programs, in order to support increased preventive services.

In order to improve the Department's oversight function, ACYF created a task force in the fall of 1989 to review and revise the Department's procedures for overseeing States' implementation of the protections for all children mandated by section 427 of title IV-B. The task force completed its work this summer and draft regulations are currently being developed.

In addition to improving the section 427 review process, we are also moving towards implementation of a new data collection system for foster care and adoption.

Finally, in last year's testimony before this committee, I indicated a desire to improve the Federal/State partnership in child welfare. Subsequent to that testimony, we instituted a series of child welfare program reviews. These reviews, which use Federal/State review teams, were not to be compliance oriented but would focus on the quality aspects of child welfare and result in recommendations to the State for improving its system.

Last year, I indicated that we intended to pilot this review instrument in two States. This committee asked that we do five. We did five. It was a struggle and a very manpower intensive effort. But we think now that we have an instrument and a process that will go a long way towards reinvigorating the Federal/State partnership in child welfare services.

In fact, I had the pleasure of being a member of one of those child welfare review teams when we went up to the State of Maine. And Peter Walsh, one of the witnesses today, participated on that team, as well.

In concluding, let me repeat that the Nation's foster care and child welfare system is in crisis. Increasing numbers of children are being placed in foster care, often with severe and complex problems. The response of the Federal Government, both legislative and executive branches, must be thoughtfully and deliberately charted to provide the best chance in life for as many of America's troubled children as possible.

Thank you. I will be pleased to answer any questions.

[The prepared statement follows:]

STATEMENT OF WADE F. HORN, COMMISSIONER
ADMINISTRATION FOR CHILDREN, YOUTH AND FAMILIES

Mr. Chairman, thank you for the opportunity to testify before you and your colleagues on foster care, adoption, and child welfare services, especially as they relate to titles IV-B and IV-E of the Social Security Act. I am accompanied today by Ray Sirry, Associate Commissioner of the Children's Bureau within the Administration for Children, Youth and Families (ACYF).

CHILD WELFARE SERVICES: A SYSTEM IN CRISIS

Child welfare service agencies are confronted with problems and needs as great as in any time in our history -- and these problems are growing. The number of reports of child abuse and neglect has risen significantly forcing child protective services workers to triage cases to try to protect those children at most immediate risk of physical danger. After years of decline, the number of children entering foster care is rapidly increasing, with placements representing children who have been more seriously victimized and traumatized than ever before. In many places, caseloads are so high that case workers barely have time to focus on prevention or reunification services. Overall, the picture is critical -- the child welfare system is in crisis.

Some of the current crisis has been attributed to the increasing prevalence of substance abuse, and especially abuse of "crack" cocaine, by parents. This has led to much more severe problems in both the children needing care and their families of origin. Indeed, the number of children in care is increasing at an alarming rate, with children entering foster care at younger ages and with more complicated problems.

While substance abuse is an immediate cause, it is simultaneously a system and a warning sign. The American family as we have known it is struggling to survive under enormous pressures. Particularly over the past quarter-century, many of society's traditional values, customs and beliefs have been questioned, challenged or replaced,communities and neighborhoods, the schools, the economic system, organized religion, mass communications and entertainment -- all of these once-reliable family support systems have undergone rapid and extraordinary changes and redefinitions.

Not all these changes are bad or regressive. However, a strong case can be made for a linkage between the rise in family breakdowns, substance abuse, and various other forms of anti-social behavior, and the far-reaching transformation of American culture in the post-war decades.

In families under stress, frequently its most vulnerable members are victimized; the very young, the very old, the weakest, the unwanted, government programs can help alleviate the short-term suffering, but we cannot expect a long-term solution through reforms of existing intervention systems.

Inasmuch as crack cocaine abuse is a symptom reflecting much deeper problems affecting American family life and cultural attitudes, government policy as a whole must be considered in the light of its impact, for good or ill, on the ability of families to remain stable and to thrive. The problems we face in foster care, therefore, can only be solved through solutions that reach beyond what government, with its best intentions can do. They require the commitment of society itself to come to grips with its choices and its directions, since its own survival depends on it.

Secretary Sullivan has underscored these points frequently in remarks he has made to many audiences. To use his words:

"As Secretary... I am called upon to address some of our nation's most urgent problems. Frequently they are interrelated problems, such as drug and alcohol abuse, the spread of AIDS, teen pregnancy, infant mortality, and youth homicide, among others.

"So often these problems reflect the isolation, alienation, and personal despair that follow from the widespread erosion of family and community in our society today. And we will not begin to solve those problems until we rebuild those vital institutions."

Ironically, during the last 15 years the child welfare field has made great strides conceptually. There is greater knowledge and consensus about the needs of children and their families than ever before. These concepts generally are centered on what is known as permanency planning. Permanency planning has been defined as "a process in which a child is helped to live in a home which offers the hope of establishing lifetime family relationships." The problem is that as needs increased and problems became more severe, agencies have become less able to implement effective programs.

Federal assistance to enable States to make maintenance payments for AFDC children who are living in foster care first became available in 1961. The Adoption Assistance and Child Welfare Act of 1980 (P.L. 96-272) created title IV-E, thereby providing program reforms designed to promote permanency planning for foster care children and to link child welfare services available through title IV-B with title IV-E. P.L. 96-272 was written to encourage less reliance on foster care placement and greater use of services aimed at preventing placement and encouraging family rehabilitation.

P.L. 96-272 institutionalized the concept of permanency planning and carried it forward through various incentives to States. The result was sharply reduced lengths of time children spent in foster care, and a reduction in the total number of children in foster care from over 500,000 in 1977 to approximately 270,000 in 1983. Since that time, however, the number of children in foster care has been increasing. It is estimated that as of June 1990 more than 360,000 (APWA data) children (approximately 5 per 1000 of the total U.S. population ages 0-18) were in foster care; a 25 percent increase since 1983. The appropriation for title IV-B child welfare services is $273 million for FY 1991 (an increase of 76 percent since 1982); the title IV-E foster care appropriation is $1.8 billion for FY 1991, nearly six times the amount in FY 1981. In addition, $520 million was appropriated for FY 1991 to cover prior-year claims.

The permanency planning and family preservation initiatives mandated by P.L. 96-272 addressed the critical issue of that time, which was the large number of children in limbo in "foster care drift." Indeed, P.L. 96-272 was a highly significant national accomplishment, resulting in such improvements as:

- the spread of the permanency planning concept,
- over 500,000 special needs children have been adopted and are receiving adoption assistance,
- lengths of stay in foster care have been reduced,
- fewer children are in institutional care,
- children are placed in foster care closer to home, and
- major safeguards and protections are provided to all children in foster care.

At the same time, however, the platitude, "Today's solution is tomorrow's problem," showed itself to be true. The emphasis upon family preservation led to a strong emphasis on parents' rights, sometimes seemingly at the expense of children's needs and rights. This made it more difficult in some states to terminate parental rights even when there was strong evidence of inadequacy or on-going abuse.

At the same time, additional disruptive factors occurred:

- The supply of foster homes diminished (from 134,000 in 1984 to 100,000 in 1990). Apparently, this reduction had been occurring over some time but was not recognized until the number of children in care began to climb in the mid-1980's. This decline in foster family homes caught agencies with unexpected force, and in many locations they now face acute shortages.

- Agency services generally have increased little if any in the last several years. Some States have even had to reduce services while child and family problems increased, including poverty, homelessness, family disruption, increased child abuse and neglect reports, drug use by both parents and children, and AIDS.

ADDRESSING THE HIV AND DRUG-EXPOSED INFANTS ISSUES

Two issues of particular concern are the increasing number of infants and young children who are HIV infected and/or have been prenatally exposed to drugs. Recent statistics reported by CDC indicate there are 2,360 cases of AIDS in children under five years of age. Children with HIV infection are living longer but continue to require extensive medical services, foster care, and permanency planning services such as adoption.

With regard to drug-exposed children, the National Institute on Drug Abuse estimates that more than six million women of childbearing age are using illegal substances; one million of them are using cocaine. The developmental damage experienced by some of the children of these women appears to be severe while for others it is negligible. Some remain in hospitals beyond the need for in-hospital medical care. Others are placed in foster care. Many leave the hospital with their parents, but later come to the attention of the child welfare system because of neglect and/or abuse.

To better understand the interrelationships between developmental outcomes and the social environment on child and family outcomes, ACYF is joining with the National Institute on Child Health and Human Development, the National Institute on Drug Abuse and the Office of Treatment Improvement to conduct a five year study of the life course experiences of children who were pre-natally exposed to drugs.

In addition, our Abandoned Infants Assistance Program, with an annual budget of over $12 million, supports demonstrations of comprehensive coordinated networks of services to prevent the abandonment of children. Children with HIV infection and children whose mothers continue to abuse drugs after giving birth run an increased risk of abandonment because the mother's condition seriously impairs her ability and willingness to serve as a parent. These mothers may have difficulties such as poverty, lack of family and a social support system, and psychological problems that interfere with effective parenting. Therefore, we are funding grants through the Abandoned Infants Assistance program to provide services that are comprehensive, community-based, coordinated and family centered.

ADDRESSING THE PROBLEMS

The Federal role has become one of being part of the problem not part of the solution. We should be wary of "reforms" that are equally or more prescriptive in nature than programs that we currently administer. We should be careful that such reforms do not create difficulties in responding to the shifting dynamics of the population requiring child welfare services.

Unfortunately, some of the reforms currently before the Congress are highly prescriptive in nature. Indeed, some take the most flexible of all funding mechanisms, title IV-B, and extensively earmark many of the funds for very specific services and activities.

Rather than responding to current crises with old remedies such as categorical requirements or prescriptive earmarks, child welfare reform should be directed toward allowing the states and localities greater flexibility in order to respond to local needs. The role of the Federal government should be to encourage experimentation in the delivery of innovative services and to provide technical assistance in evaluating the impact of such services. A greater role for innovation and evaluation provide the best hope for improving the performance of child welfare services.

LEGISLATIVE PROPOSAL

Between FY 1987 and FY 1991, State claims for administrative expenditures will have grown by 158 percent, from $297 million to an estimated $765 million. This is a substantially higher rate of growth than the growth in the average monthly number of children (a 40 percent increase) and the growth in maintenance payments (110 percent) (see attached chart). There is no evidence that the increase in title IV-E administrative claims has resulted in more or better services for children. In fact, the only available evidence, gathered by the Office of the Inspector General in a Management Advisory Report, suggests that States are replacing State and local dollars with Federal funds.

In addition, many of the administrative costs currently being claimed by States are for pre-placement service activities rather than the usual administrative type activities. Such services as preparation for State court hearings are more properly financed by States. Moreover, Federal services programs such as title IV-B (Child Welfare Services) and title XX (Social Services Block Grant) have more than $3 billion per year available to fund preventive services.

One specific category of administrative costs allowed under the current statute and one of the chief causes for their escalation is administrative costs related to "preplacement" services. Although the law requires States to attempt to avoid placement in foster care by providing services prior to placement to children at-risk of entering foster care. Title IV-E administrative reimbursements only cover <u>referral</u> for services. Allowing preplacement services for "candidates" opens up foster care administrative payments to almost any child receiving services through the State child welfare agency. Consequently, Federal foster care administrative payments are being made on behalf of children who are not currently, and who may never be eligible for title IV-E foster care maintenance payments.

In fiscal year 1991, we estimate that approximately $191 million, or 25 percent, of foster care administrative costs will fund "preplacement" activities. We are proposing legislation in the FY 1992 President's Budget to better target program funds and recommend that the Committee preclude Federal reimbursement for this category of administrative costs and refocus the foster care program on eligible children actually in foster care.

At the same time, contingent on enactment of administrative reforms, we are requesting an increase of $90 million for services and related demonstrations, to a total of $364 million for the title IV-B program. This amount includes $78 million for increased services. In our joint planning with the States, which is required under title IV-B, we will encourage them to direct much of this increase in funds to preventive services, with the goal of enabling more children to avoid placement in foster care. If successful, these services would also reduce overall costs.

Also under title IV-B, a significant amount of funds ($10 million per year for up to three years) would be targeted toward a set of demonstrations to be conducted by States in response to a competitive announcement by the Department. These demonstrations would be aimed at determining whether intensive preventive services are effective in preventing the removal of children from their homes. The demonstrations would be designed to result in treatment models that might be replicated by other States and, therefore, would reduce the number of children who would otherwise enter foster care.

Finally, in order to improve the oversight of State operations, $2 million would be provided for each of two years for a pilot project to provide increased oversight of State and local child welfare agency operations, service delivery systems and claims in selected States.

PARTNERSHIP WITH THE STATES

As indicated in my testimony last year, the Department is committed to revitalizing the Federal and State partnership that has marked the delivery of child welfare services. The Federal role in this partnership should have two components: oversight of and technical assistance to the States.

While we may not be moving as fast as the States, or you or I would wish, I believe that we are making commendable progress, in spite of the fiscal and other constraints under which we work.

AFCARS

On September 27th we published the Notice of Proposed Rulemaking for the Adoption and Foster Care Data Collection System (AFCARS) mandated under section 479 of the Act. While there have been unavoidable delays in developing and publishing the NPRM, we feel certain that what we have proposed will go a long way toward correcting the information deficit that has plagued us for so long. We received 98 letters including 48 from State agencies. Most of them were supportive of the concept and overall thrust of the regulations.

As part of the review and comment process, we are currently analyzing the letters and beginning to draft the final rules. We will publish the final rule this summer in time for the implementation date of October 1.

PROGRAM REVIEWS

Last year we also indicated our desire to resurrect the program review initiative, an effort to perform a comprehensive review of a State's child welfare services program. These reviews, which use a Federal/State review team, were not to be compliance oriented but would focus on the quality aspects of child welfare and result in recommendations to the State for improving its system. We indicated that we intended to pilot test the review instrument in two States; you countered by suggesting we do five. We did (Colorado, Washington, District of Columbia, Maine and South Carolina). It was a struggle and a very manpower intensive undertaking which took us to the very end of the fiscal year. The reports are still being developed and/or processed, but we know right now that the activity is worthwhile, although some changes and modifications are still needed in the process and in the instrument.

This year our objective is to do pilot tests in three more States--and if resources and time permit, possibly a total of six or seven States. ACYF hopes to make the Program Reviews the linchpin in the Federal technical assistance component and a vital factor in the Federal/State partnership.

SECTION 427 REVIEWS

In order to improve the Department's oversight function, ACYF also created a task force in the Fall of 1989 to review and revise the Department's procedures for overseeing States' implementation of the protections for all children in foster care mandated by section 427 of title IV-B.

The task force held two meetings to solicit input from non-Federal persons and organizations, one with a group consisting of the American Bar Association, American Public Welfare Association, Child Welfare League of America and the Children's Defense Fund; and a second with a group of key Congressional staff members. ACYF met later with representatives from approximately 40 States at a quarterly meeting of the American Public Welfare Association.

A major issue for the task force was the question of quality--the Department has at times been criticized for overseeing the 427 protections in such a way that emphasizes procedures, perhaps at the expense of quality. In responding to these concerns, the task force took an approach that specifically focused on quality of practice. The task force recommended that, rather than basing decisions regarding eligibility for Federal funds upon outcome measures which may be subjective, compliance should be based on objective documentation of practices that relate to quality.

CHILD WELFARE LIAISON WORK GROUP

Several States have launched child welfare reform initiatives in recent years, as have the Federal government and private foundations and organizations. The Department plans to convene a Child Welfare Liaison Work Group consisting of representatives from State and Federal governments, foundations and child welfare organizations to discuss ways and means of coordinating these various child welfare initiatives in the public and private sectors. Given the budgetary shortfalls being experienced in many of the States, it is critical to coordinate the allocation of resources to the extent possible.

CONCLUSION

In concluding, let me repeat that the Nation's foster care and child welfare system is in crisis. Increasing numbers of children are being placed in foster are, often with severe and complex problems. The response of the Federal government, both Legislative and Executive Branches, must be thoughtfully and deliberately charted to provide the best chance in life for as many of America's troubled children as possible.

Thank you. I would be pleased to answer any questions.

Mr. ANDREWS. Thank you.

Mrs. Johnson, did you have an opening statement that you wanted to make?

Mrs. JOHNSON. No, thank you.

Mr. ANDREWS. Dr. Horn, the President's budget proposes to cut funding for preplacement services under the AFDC foster care program by $1.7 billion over 5 years. The Federal statute requires these services to help prevent unnecessary foster care placements and costs; State and local child welfare systems are struggling to deal with the growing reports of abuse and neglect and families with drug problems.

Why does the President propose such draconian cuts in spending in this area?

Mr. HORN. First of all, I think it would be incorrect to say that we are proposing cuts in expenditures over fiscal year 1991 in foster care. What we're talking about is restricting the rate of growth in title IV-E administrative costs.

In fact, if our legislative proposal is enacted——

Mr. ANDREWS. Wait just a second. Are you suggesting that the administration is not proposing saving $1.7 billion, cutting $1.7 billion over 5 years?

Mr. HORN. What we're proposing is that—well, what we see is that we see a system that is out of control. The title IV-E administrative costs——

Mr. ANDREWS. No, no, just answer my question first, and maybe I am misinformed. Is the President proposing cutting, over 5 years, $1.7 billion?

Mr. HORN. We are proposing to restrict the rate of growth by restricting reimbursement for certain preplacement administrative cost activities. And that would amount to $1.7 billion saving over 5 years.

Mr. ANDREWS. Is the answer, yes, to my question, or is it, no, to my question? You can explain as long as you like, but is the answer, yes, or is the answer, no?

Mr. HORN. I think the answer is that it depends on your perspective. And I think it's important to note that even with the legislative proposal, spending——

Mr. ANDREWS. What do you think, Dr. Horn? Do you think the President—am I wrong? Is the President not proposing $1.7 billion in cuts over 5 years?

Mr. HORN. We are proposing a legislative proposal which will, in fact, restrict Federal reimbursement for certain preplacement activities. Over 5 years, we do anticipate that that will save about $1.7 billion.

However, even in the first year, the legislative proposal will not reduce the level of expenditures that the Federal Government spends on foster care, even in the first year, of the legislative proposal.

In fact, we will be spending in fiscal year 1992 $273 million more in foster care than we are currently spending in fiscal year 1991. That is a very important distinction to make.

Mr. ANDREWS. The proposed title IV-B increase, is it big enough to make up for the cuts in the AFDC foster care program?

Mr. HORN. The title IV–B increase is, in fact, contingent upon a legislative proposal but it is not intended to make up for cuts in the sense that we are transferring payment for services under one program to another. It is important to note that under the title IV–E administrative cost program, services, particularly preventive services, are not allowable costs. One cannot be reimbursed for preventive services under the IV–E administrative cost program. The only place to get reimbursed for that, the only place to pay for that in terms of Federal funding streams is through title IV–B.

So it is incorrect to say that our legislative proposal to restrict the rate of growth in title IV–E administrative costs would restrict payment from the Federal level for preventive services, because they can't pay for preventive services in title IV–E as it is right now.

What we are suggesting, because we do believe there should be greater efforts being made in preventive services to prevent the need for out-of-home placement, that there should be additional funds available in IV–B to make that happen.

Mr. ANDREWS. Do you believe that preplacement services and activities do not reduce foster care placements?

Mr. HORN. I think that preventive services are extremely important. The notion that we should do things in order to prevent the need for placement of children in foster care is one that makes a great deal of sense. Whether or not we have the absolute knowledge or technology today to know precisely how to do that, I am not certain that we do, quite honestly. As a matter of fact, the results of the only three studies that I'm aware of that have used random assignment and have looked at placement rates greater than 4 months after the provision of preventive services suggest that there are no differences in placement rates between what are typically seen as family preservation services.

That's not to say, however, that we shouldn't be doing preventive services; we should. In fact, our proposal requests an increase of $90 million in title IV–B, the bulk of which we hope would go towards preventive services.

Mr. ANDREWS. But isn't that an important question to evaluate? I mean the fact that there are only three studies; don't we need to study that issue more?

Mr. HORN. Absolutely, and I couldn't agree with you more. In fact, our proposal requests that $10 million of the $90 million increase in title IV–B should, in fact, be devoted precisely to that question of studying the effectiveness of preventive services in terms of obviating the need for out-of-home placement.

Mr. ANDREWS. The Department has never made a study, is that right?

Mr. HORN. Of preventive services? I don't think that's true. For a number of years we have been funding demonstration programs for both the prevention of out-of-home care, and also for the provision of reunification services once a child is placed in out-of-home care.

Mr. ANDREWS. Well, preplacement services, has the Department ever done a study to evaluate the effectiveness of preplacement services, for instance?

Mr. HORN. We have funded demonstration programs, but we have not funded, to my knowledge, as of yet, a study that would include random assignment and long-term outcome measures.

Mr. ANDREWS. Then how does the administration, if there is not a study, draw the conclusion to make these kinds of cuts in spending?

Mr. HORN. Again, what we're suggesting is that preventive services are important, and that is precisely why we are asking for a $90 million increase in the title IV-B program. You can't pay for preventive services out of title IV-E, you just can't do it.

And, if in fact, we want to put a greater emphasis on funding preventive services, the only place to do that is title IV-B.

Mr. ANDREWS. Now, how do you deal with the States? What do you say to the States in terms of their mandates, what their responsibilities are, if you reduce the Federal funding? Doesn't the President's budget proposal call into question the Federal requirement that States make reasonable efforts to prevent foster care placements?

In other words, will the Department propose legislation to repeal or amend that requirement when it sends us a bill with these kinds of budget cuts?

Mr. HORN. Absolutely not. That's precisely the reason we want to increase funding in title IV-B because we think there needs to be greater efforts in terms of making reasonable efforts to prevent placement in foster care. The only place you can pay for that, in terms of Federal expenditures, is through title IV-B; you can't do it in title IV-E.

Mr. ANDREWS. Would the administration propose or consider proposing funds for creative or innovative services, programs that are aimed at strengthening families; maybe more rigorous evaluations of how State programs are working? Has that been considered by the Department at all?

Mr. HORN. Again, part of our budget request for an additional $90 million for title IV-B includes a $10 million earmark for evaluation studies of the effectiveness of preventive services.

Mr. ANDREWS. Mrs. Johnson.

Mrs. JOHNSON. Thank you and welcome, Dr. Horn.

I'm sorry I was a little detained this morning. We need to be clear about this administrative costs issue. In response to my colleague from Texas, I hear you saying that outlays are not being reduced.

Mr. HORN. That's right.

Mrs. JOHNSON. Instead, projections of future expenditures are being reduced as a consequence of enforcement of your definition of administrative costs. Now, is the increase that you are allowing in IV-B spending equivalent to, over 5 years, your expected reduction in administrative expenditures?

Mr. HORN. No, it's not. The expected savings is $1.7 billion over 5 years.

Mrs. JOHNSON. Is the increase of $90 million in IV-B funding next year is not complemented by additional increases over the other 4 of the 5 years?

Mr. HORN. The assumption is level funding after that.

Mrs. JOHNSON. So it's a $90 million increase in preventive services, versus a $1.7 billion reduction in administrative costs?

Mr. HORN. Well, let me go back and correct that statement. Talking about out-year budget figures is always a tenuous process. I would not want to preempt the process that will determine future budget requests for title IV–B. Let's talk about 1992, as the best example, as opposed to a 5 year outlay.

The legislative proposal would, if enacted, reduce our estimate of what would be spent on title IV–E administrative costs by $247 million. We would then go ahead and take $90 million of that and transfer it over to the title IV–B program so that there would be a net savings, if you will, of $157 million for next year. However, because of growth in title IV–E foster care maintenance payments, as well as growth in the adoption assistance program, and the independent living program, the total increase in Federal payments for foster care from 1991 to 1992 will be an estimated $276 million.

I know there are a lot of figures there, but it is important to recognize that we are not talking about reducing the absolute outlay in terms of Federal expenditures for foster care with our legislative proposal. What we're talking about is getting control over what we see as an out-of-control program, that is title IV–E administrative costs, and taking some of those savings and targeting them better, in terms of putting them into title IV–B. But there would still be a 12 percent rate of growth in total Federal expenditures in 1992, compared to 1991, which is roughly twice the rate of inflation.

Mrs. JOHNSON. I agree that $276 million is a 12-percent increase. I do not agree, however, that the growth in administrative costs is just growth in administration. Last year, this committee tried to write a definition of administrative costs that corresponded to administrative costs as we generally know them to be in other programs. My difficulty is with your definition of administrative costs; I believe them to account not only administrative functions, but critical preventive services as well.

When Government cuts administrative costs, we are, in fact, cutting some services that I think help to preserve families. How does the definition of administrative costs in last year's foster care bill compare with your review teams' experience with the States? You say that States have been charging service costs to administrative accounts. However, the nature of this program is that administration encompasses case management requirements and preparing court cases for termination of parental rights. Those are not administrative costs, as we generally know them. I would call them family service costs.

How are you going to reconcile these two definitions? Do you support our definition of administrative costs? If so, do you still foresee significant increases? In my estimation, termination work will simply be in greater demand as we see more crack babies, and abandonment by drug-addicted mothers rather than less.

The definitions of termination of parental rights, the costs of termination preparation, and the preparation of termination cases is going to be very important, because if these are not considered administrative costs, then they will have to be funded through direct service money. Instead of runaway administrative costs, the pro-

gram will face equivalent demands for service money which, by the way, is already increasing.

Mr. HORN. You're quite correct that the definition of allowable administrative costs under the title IV-E program is broader than the definition of allowable in other programs, such as AFDC. Administrative costs in the title IV-E program included things such as preparation for court proceedings, appearing in court proceedings, case plan review and development, and eligibility determinations. So you are quite correct in saying that IV-E administrative costs are broader than administrative costs are sometimes thought of in other programs.

However, having said that, despite an extraordinary growth in the administrative costs of the title IV-E program—some 2,000 percent since 1981, and 175 percent since 1988—there is no evidence that there has been a corresponding growth in the amount or quality of services that are being provided to children. That is logical when one understands that what we can pay for is not services in IV-E administrative costs, but the administrative costs associated with either referral to or, in a limited way, the provision of services.

If what you want to get to is funding more preventive services to deal with these much more dysfunctional families, to deal with these kids who are much more troubled and much more severely victimized, you really can't do it with title IV-E administrative costs. You have to pay for it some place else, because it is an unallowable expense under the title IV-E administrative costs program. For example, case management is, in fact, an allowable expense under current law, but counseling is not. That is an important distinction to make. That is, the development of a plan for getting counseling is allowable under title IV-E, but the actual delivery of that counseling is not. That can only be paid for under title IV-B.

So, you are correct that things are much more difficult out there than they were 10 or 15 years ago and that these families are much more troubled and we need to give more services to these families. That is precisely the rationale for why we think we need to get the rate of growth under IV-E administrative costs under control and shift some of those savings over to IV-B where we can pay for those services.

Mrs. JOHNSON. Is part of the problem that we have more children with more complicated problems, or more complicated situations identifying an appropriate plan? Is needs assessment a more costly process, involving more testing, a greater investment of time, more agency resources in trying to find out what might help this family? In other words, preparing that family to follow through on some plan is not simply hitching it up with a counselor any more, but it is really a much more in-depth evaluation. Evaluation is a legitimate administrative cost, but it is more expensive and more lengthy now than it used to be. Moreover, you don't do the evaluation, you don't connect a family with the right services.

Mr. HORN. I think that that may be part of the growth in administrative costs. I think that is probably correct. But that overall, the question is, Has there been a corresponding dramatic increase in services to kids, either to prevent foster care placement or to reunify children with their families once they are in foster care, over

the last 10 years despite extraordinary increases in the title IV-E program? The answer is, there is no evidence of that.

Mrs. JOHNSON. I hope in the ensuing weeks we might consider consolidating the separate pieces of the program and cleaning up the definitional problem in administration, instead of reducing funding at a time when there is such an enormous strain on the system.

Finally, as you were out in the States, did you get any sense that if States had more flexibility—if their funds were not as categorically driven—that they could serve families better?

Mr. HORN. Yes. I hear that all the time from administrators at the State and local level. That if, in fact, funding streams were more flexible they would be better able to coordinate funds in order to develop comprehensive services for children and families at risk.

Mrs. JOHNSON. Did that have only to do with foster care funds, or did it include other family services?

Mr. HORN. That would include other kinds of things, as well, yes.

Mrs. JOHNSON. Thank you, very much.

Thank you, Dr. Horn.

Mr. ANDREWS. Thank you, very much, Dr. Horn.

I would like our next panel, please, to take their seats.

Our next panel consists of Susan Lacey and she is the chair of the Welfare Reform Subcommittee of the National Association of Counties; Peter Walsh, the director of the National Governor's Association; Gary Stangler, director of the American Public Welfare Association; MaryLee Allen, director of the Children's Defense Fund; and David Liederman, executive director of the Child Welfare League of America.

Let's start with Ms. Lacey. Please, if you would, do not read your full statements, but just try to generalize them and give us your thoughts.

STATEMENT OF SUSAN LACEY, CHAIR, WELFARE REFORM SUBCOMMITTEE, NATIONAL ASSOCIATION OF COUNTIES; AND SUPERVISOR, VENTURA COUNTY, CALIF.

Ms. LACEY. First of all, NACo appreciates the opportunity to testify before you, Mr. Chairman, and members of the subcommittee. We applaud your efforts and leadership toward meeting the goal of the needs of our children and strengthening the family.

I'm not going to go through all the statistics and I'm not going to repeat the frightening trends, but we are—and we know this in the counties—perilously close as a society to abandoning our children at risk. I want to speak from the counties' perspective that children's protective services are, at best, fragmented. Regulations appear to be made by crisis, and not by the thorough and thoughtful approach this subcommittee is taking.

Not only do we need to improve the current service delivery system but we must develop a strategy which would redirect dollars from the back-end programs—jails, mental institutions, welfare—and put them into prevention and intervention programs that recognize family preservation and our commitment to our children.

I would like to offer you briefly some models. In 1990, the County Welfare Directors Association of California produced an excellent report—"Ten Reasons to Invest in Families of California"—which I would like to commend to you. One of the most important features of this report was the consensus reached by 58 counties involving the welfare directors, the county mental health directors and the chief probation officers.

In essence, our program, the Ventura County Model Mental Health Program for our seriously disturbed children stresses coordination, cooperation, and collaboration between all child-serving agencies, public, private and nonprofit.

I would be pleased to answer questions or provide more written material on our experience, but for now, I would just like to make three observations. One, we have demonstrated that our children stay in their own home and if placement is necessary they return home sooner. We have much less recidivism and we are very cost-effective. While youth placed in residential care had grown in California 65 percent between the years of 1985 and 1989, in Ventura County, residential placements fell to 37 percent of the State average during that same time period. We now spend the least amount on this very expensive alternative of any of the counties in California.

There are projects in Salt Lake County, Utah, Washoe County, Nev., and Ulster County, N.Y., that demonstrate commonsense, integrated, blended approaches to effective delivery of services. NACo recognizes that a broad range of supportive social services to strengthen the community and family structure should emerge at the local level as a result of the Federal/State and county partnership.

We have some principles that I would like to cover for you. First of all, support preplacement services that help children stay with their families and the funding to strengthen the ability of States and counties to operate in-home care, family preservation programs.

Two, support efforts which reduce stress and assist families in meeting their children's needs, such as parent education, child care, respite care, and adequate health insurance.

Three, improve access to health and mental health care for children in foster care. Four, convert title IV–B foster care and child welfare service program to an entitlement with no capping of funds which limit the number of children who can receive funds.

Five, oppose all attempts to place an administrative cap on the title IV–E program as an unwarranted shifting of costs to States and counties. Six, support continued Federal funding which require staffing levels for prevention services and foster care services. Seven, support funding for a well-trained and culturally diverse work force with the capacity to address complex needs. Eight, provide sufficient funding for State and counties to implement child protective programs that would help the general public provide for parent training and support staff development and training programs to protect children from abuse and neglect. Finally, expand access to prenatal care and substance abuse treatment services for lower-income pregnant women and their children.

It is our firm belief that we can make a difference in our children's lives. I can tell you, from my own personal experience, that if we can get the child-serving agencies to talk to each other, this will not only be cost effective, but there will be renewed energies toward the goal of helping all of our children to reach their potential.

Thank you, very much.

[The prepared statement follows:]

STATEMENT OF SUSAN LACEY
NATIONAL ASSOCIATION OF COUNTIES

The National Association of Counties* (NACo) appreciates the opportunity to testify before the House Ways and Means Subcommittee on Human Resources.

We applaud Chairman Tom Downey and the Subcommittee's efforts to examine and address some of the overwhelming problems facing children in America today and examine the state of the nation's child welfare system. We also commend the Chairman's leadership on last year's child welfare initiative and his successful efforts in securing additional child care services for many American families. We look forward to working with you and the members of the Subcommittee on other vital issues affecting children and family preservation.

THE COUNTY ROLE IN CHILD WELFARE

NACo recognizes the responsibility of county governments for the provision of basic child welfare services to protect and enhance the lives of children and to provide services that will encourage strong families in order to protect our nation's most valuable resource for the future -- our children. Many counties in the United States are the basic providers of health, social services and welfare programs. Almost every county administers or pays part of the cost of some portion of the federal/state/local network of welfare and social service programs. Welfare and Medicaid expenditures are the largest single cost of county governments, consuming as much as 67 percent of some county budgets and totalling approximately $14 billion, annually, nationwide in county taxes. In addition, the responsibility for administering child welfare services in fifteen states -- New York, New Jersey, Ohio, Minnesota, Wisconsin, California, Virginia, North Carolina, Alabama, Colorado, Georgia, Maryland, Montana, North Dakota, and South Carolina -- is delegated to county governments and agencies.

At the same time, NACo recognizes the critical role of the federal government as well as that of state and county governments in strengthening community and family structures. In recognizing and building upon existing social foundations, state and local governments can serve as the links between federal policy and the delivery of critical services in ways that maintain and foster self-sufficiency in communities, strengthen families and enable children to thrive.

However, trends in American society and family life have given rise to complex needs not easily addressed by current approaches to the delivery of services. An emerging issue identified by Northern tier counties like Ramsey County (St. Paul), Minnesota (albeit not a new one) which should be addressed is the over-representation of minority children in foster care and the child welfare system. Although there is some debate regarding the cause and effect of this over-representation, the fact is that children in foster care and in the welfare system are disproportionally poor, African-American, Hispanic or of other ethnic groups that puts them in a minority status in our culture. We need to be talking about targeting our family preservation efforts at the children most likely to end up in foster care and talking about changing the social conditions that result in disproportional numbers of minority children being taken away from their families.

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* NACo is the only national organization representing county government in the United States. Through its membership, urban, suburban, and rural counties join together to build effective, responsive county government. The goals of the organization are to improve county government, act as a liaison between the nation's counties and other levels of government, and improve the public understanding of the role of counties in the federal system.

Another emerging problem is seen in large suburban counties like Suffolk County, New York in which there has been a tremendous increase in reported cases of sexual abuse of children. Although 110 reports were registered in 1989, 430 reports were made in 1990. However, county statistics reflect a decrease in the number of children in foster care through most of the 1980s as a direct result of the emphasis placed on services geared to prevent out-of-home care and a focus on prevention planning.

Still, another trend that must be examined is the drug epidemic that began in the mid-1980's which left a staggering number of children affected (estimates range as high as 375,000 drug-exposed infants a year nationwide, with about 100,000 of these exposed to cocaine). In many communities, there is little prenatal care for pregnant women who are substance abusers and no postpartum care or child care alternatives to out-of-home placement. Preschool teachers are noticing an increase in the number of children with developmental problems born since the emergence of crack. Difficulties which many older children experience at school frequently are the results of poor health, inadequate nutrition, lack of parents support, troubled lives, or a dangerous environment -- problems which impact on the educational system's ability to educate our children effectively.

As a result of this worsening drug crisis, and other undesirable social conditions and the attendant abuse, neglect, and abandonment of infants and children, a tremendous strain has been exerted on our already overburdened county child welfare system. The number of children in foster care increased 30% nationwide between 1987 and 1989. In California and New York, states with a large minority population and states especially hard hit by the crack epidemic, the increase is even more dramatic: 65% and 90% respectively.

At the local level, the services provided to address these needs are often distributed across a variety of governmental agencies, with the result that children remain at-risk and are, at times, receiving fragmented services. Piecemeal remedies create a patchwork of uncoordinated programs, which allow gaps and inequitable attention to children and families in need of support while encouraging overlap, duplicating and even waste. For counties administering programs based entirely on federal and state laws and regulations, the result is frequently overwhelming and an administrative nightmare as well.

Though county governments spend enormous sums on institutional "back end" programs -- they own and in many cases operate 1,000 county hospitals, 3,300 jails and over 400 juvenile detention centers -- designing "front end" strategies to address problems before they intensify is crucial and one of NACo's highest priorities in addressing the needs of families and children.

THE CALIFORNIA EXPERIENCE

Let me now turn to California, Mr. Chairman, my home state. We are a microcosm of what exists in the United States with perhaps an edge as to which direction to move.

The major problems confronting youth in California have been articulated in a 1990 report entitled "ten reasons to invest in the families of California". This report was prepared and published jointly by the county welfare directors', chief probation officers' and mental health directors' associations in California. Those major issues are as follows:

1. The number of youth placed in out-of-home care has grown 65% from 1985 to 1989. Of those placed, 22% are placed in residential treatment settings. These placements represent a 66% increase over the same time period.

2. Children placed in out-of-home care have the following characteristics:

   - They are considerably younger. Those under the age of four have increased 165% during the same period (1985-1989). The number of babies placed in out-of-home care has escalated by 235% in the same four year period.

- Nearly two-thirds of the children placed are of minority heritage.

- And, to compound these problems, children placed are staying longer in foster care.

3. The state's resources for serving these children have been directed toward the most expensive level of care:

- Group and institutional setting; and

- Incarceration in juvenile correctional facilities.

In California an inadequate community based mental health system forces more and more children into intensive and costly residential treatment placements. The most recent financial increases provided to group care agencies has re-directed resources to the maintenance of youth currently in care and away from family preservation oriented initiatives.

In the absence of a federal and state investment in community based interagency strategies which keep families together and prevents the need for out-of-home care; it is estimated that by 1994 California's foster care caseload will grow to 90,000 children and its cost will double to 1.8 billion dollars. Counties across the nation are at best coping with competing and those increasing demands and costs for human services. At the same time, we are experiencing reductions in state and federal support. While there have been modest increases, such increases at best respond to cost of living adjustments provided to staff and support resources.

A TIME FOR CHANGE

In an effort to establish a foundation for change, the California Legislature began in 1984 to establish a number of bills which have focused upon the integration of human service delivery systems to facilitate family preservation initiatives.

Beginning in 1984 Assemblywoman Cathy Wright sponsored a bill (AB-3920) which established a pilot project to test the effectiveness of an interagency system of care targeted at the most seriously disturbed children.

The success of this project has resulted in an extension of this model to additional California counties (AB-377).

In 1987 the California Legislature boldly established an additional piece of legislation (AB-558) which allowed three California counties to submit proposals to utilize up to 10% of their foster care funds for family preservation initiatives. In 1989 a related bill (AB-1696) provided the opportunity for 12 additional counties to participate in this endeavor.

While these two initiatives address opposite ends of the service delivery system, preplacement/prevention and alternatives to residential treatment, action at both ends of the continuum is imperative. We must do all that we can to support families who come to our attention and, as well, do all that we can to prevent them from coming under the jurisdiction of the court. For those who do, however, it is our obligation to make sure that the services they receive are provided in a comprehensive, coordinated, efficient and culturally competent manner.

In addition to these two major pieces of legislation, additional bills have been passed which focus upon the needs of special populations:

- Mental health needs of special education (AB-3632)

- Medically fragile children (AB-2268)

- Alcohol and drug affected mother/infants (AB-3010)

- County protocols for substance abused infants (AB-2669)

While these initiatives are positive, they are isolated efforts and are not necessarily linked to one another in a planful way.

Like many other states, California is spending money by the hundreds of million of dollars on the most expensive, back end services like residential services with no measure of benefit and outcome for children and families At the same time, California has clear and compelling evidence from the children in Ventura's mental health demonstration project that a comprehensive, interagency approach to service delivery can bring our children home and keep them home in a fiscally responsible manner.

COUNTY MODELS

The Ventura County planning model is a new way of doing human service business for public agencies and communities interested in helping their highest risk and most vulnerable children to live independent and productive lives. Most important to our success is that the Ventura model unites those who advocate for better family and children's services with individuals responsible for public agency service delivery while responsible for its cost containment. There are five characteristics to the Ventura model which are important for me to articulate:

1. Target Population - Clearly defining the minimum client population is specified for the public sector.

2. Shared Outcome Goals - Family unity and helping the child stay in the mainstream of society.

3. Interagency Partnerships - Services are delivered in partnership through a human service network with mental health, schools, child protective services, juvenile justice and other public and private agencies.

4. Services and Standards - All services are designed as a continuum of alternatives to more restrictive interventions. Cultural differences are acknowledged as important issues related to effectiveness.

5. Systems Monitoring - Outcomes and expenditures are measured across agencies over time.

Let me share with you a few examples of what we have accomplished in Ventura County. In order to achieve these results our commitment has been to establish interagency ownership of children by viewing each child the county's responsibility as opposed to a responsibility limited to a specific agency.

COORDINATION OF POLICY

In order to accomplish this, an executive policy council was established involving the highest levels of elected officials and county administrative staff. The overall purpose of this body is that of coordinating the needs and resources of children and youth who are the county's responsibility. Example of products which has resulted from the body's efforts are as follows:

- Interagency agreements
- Jointly sponsored workshops and conferences and training initiates
- Establish task forces to focus upon interagency issues

INTERAGENCY COLLABORATION

Combining or blending agency expertise and resources to treat the full range of problems that put a child at risk is more effective. Examples of Ventura county's efforts in this endeavor are as follows:

- Interagency Screening - a joint staffing of children received by the child protective services system
- Interagency Case Management - a joint staffing of children who are considered to be in need of higher levels of group and residential care
- Day Treatment Programs - managed with special education, child protective services, juvenile corrections and mental health

- Interagency Case Management Council - organized to facilitate cross program planning for "gray area" children and report on the trends or gaps in services which are perceived to exist

Most unique is the systems level of evaluation, analyzing both the benefits for the child, family and community and the cost incurred by the public. It is Ventura County's belief that the effectiveness of our interagency network is by the number of children who either stay in or return home and stay in our public schools. Additionally, a goal for youthful offenders is a lower rate of recidivism. For Ventura County, the results have demonstrated concrete and measurable cost and client outcomes to the family and to the larger community of taxpayers.

As you will recall, earlier in my presentation I identified that youth placed in residential care has grown 65% from 1985 to 1989. During the same period Ventura County's residential placements decreased to 37% of the state average.

Other county governments have created and implemented a wide range of creative and effective programs to enhance child welfare services and promote family preservation through integrated, front-end strategies. Let me describe briefly what some other counties are doing. (We will gladly provide the subcommittee with additional information upon request.)

In Salt Lake County, Utah, a school-based substance-abuse prevention program was created to strengthen family communications and increase family commitment to academic success in order to avoid some of the risk factors that predispose children to substance abuse. It increased academic performance and school attendance, increased parent-child involvement in school activities and increased community involvement within the school. Parents completing the training reported an increase in family management skills and positive communication.

The "Children's Cabinet" was established in Washoe County, Nevada, to fill the gaps in existing services to children in Northern Nevada that expanded as a result of the state's tremendous growth in population and the dwindling resources available for child welfare services. These factors, along with a lack of coordination between state and local child-serving agencies, caused many families to fall between the cracks of the social service system. The Cabinet brought together county officials and local business people who formed a public-private partnership to address the growing needs of children and families in Washoe County in a comprehensive, coordinated and effective manner.

Ulster County, New York, Mental Health Services, Social Services Department, Family Court, Mental Health Association and Board of Cooperative Education established the Parental Recovery Intensive Diversion Effort (PRIDE) to provide immediate and accessible evaluation and treatment to drug-addicted mothers and their children. Mothers referred by child protective services were provided immediate chemical dependency assessments and treatment recommendations prior to Family Court petition. In cases where PRIDE treatment was indicated, same day admission was accomplished.

In these counties, we have seen an attitude of successful collaboration across agency lines and county leadership exerted. The implications of these projects are far reaching and can incorporate partnerships across a range of human services providers.

Interagency projects which have since been initiated link public health nursing with child welfare, drug and alcohol services and mental health. Alcohol programs with education, mental health with corrections and child welfare, as well as public and private agency partnerships which focus upon "at risk" populations.

A recent piece of California legislation (SB-997) proposes to encourage counties to establish interagency policy and planning committees much like those established in Ventura and San Bernardino counties. It would be my hope that congressional action would result in both policy and financial support for such local organizations to be established to initiate the collaborative efforts that have proven to be successful in Ventura and other counties across the United States.

ACTION STRATEGY

Let me be very clear about the NACo overall strategy. We cannot expect the Ventura model or the other county approaches to be the panacea to correct all of the problems facing families or our collective systems. Nor can we neglect the children already in placement.

NACo recognizes that a broad range of supportive social services to strengthen the community and family structure should emerge at the local level from a federal-state-county partnership that provides for maximum flexibility - this includes flexible funding to allow money to follow the child, not the other way around. It is our view that family preservation services must be seen as part of a continuum of family support services. Therefore, Mr. Chairman, we urge you and members of the Subcommittee to consider these NACo position statements as items for your congressional agenda:

1) Support pre-placement services that help children stay with their families and the funding to strengthen the ability of states and counties to operate in-home-care family preservation programs;

2) Support efforts which reduce stress and assist families in meeting their children's needs, such as parent education, child care, respite care and adequate health insurance;

3) Improve access to health and mental health care for children in foster care;

4) Convert Title IV-B foster care and child welfare services program to an entitlement with no capping of funds or limit the number of children who can receive funds;

5) Oppose all attempts to place an administrative cap on the Title IV-E program as an unwarranted shifting of costs to states and counties;

6) Support continued federal funding with required staffing levels for prevention services and foster care services;

7) Support funding for a well-trained and culturally diverse work force with the capacity to address the complex needs that have been highlighted in this testimony;

8) Provide sufficient funding for states and counties to implement child protective programs that would help the general public, provide for parent training and support staff development and training programs to protect children from abuse and neglect; and finally,

9) Expand access to prenatal care and substance abuse treatment services for low income pregnant woman and their children.

It is my firm belief that with your commitment, Mr. Chairman, and the commitment of this Subcommittee, together we can bring about significant positive changes in the child welfare system and truly make the 90s the decade of opportunity for our children. The National Association of Counties is willing to work with you to help bring about those changes.

Thank you for this opportunity to testify before your Subcommittee.

Mr. ANDREWS. Thank you, Ms. Lacey.
Mr. Liederman.

STATEMENT OF DAVID S. LIEDERMAN, EXECUTIVE DIRECTOR, CHILD WELFARE LEAGUE OF AMERICA, INC. (CWLA)

Mr. LIEDERMAN. Thank you, Mr. Chairman.

First of all, let me thank you and Mrs. Johnson and Chairman Downey for all of your work on behalf of the child welfare community. Our agencies, both voluntary agencies and public agencies that make up the Child Welfare League really appreciate all that you have been doing over the last 3 years to try to improve the system. As you have said this morning, Mr. Chairman, our system is currently not designed to respond to the 2.5 million reports of child abuse and neglect throughout the country.

In effect, what we have is a system that was designed in the 19th century trying to respond to 21st century problems, and it can't do it. I will give you an example. Foster care was built on the notion that there was a sufficient number of two-parent families with one parent at home who would be willing and able to donate their time and money to care for children whose problems were primarily dependency and neglect. As we know, that is absolutely not the case these days.

First of all, there are far fewer two-parent families with one parent home in the United States. We have many more single-parent families and we have many more two-parent families with both parents at work.

And the second part of the equation doesn't work either because the kids we are seeing in the system have complicated problems—as a result of chemical dependency as well as of severe emotional and physical problems. The kids coming into the system need sophisticated care, professional care and that is not the case presently in this country.

CWLA and the National Foster Parent Association convened the National Commission on Family Foster Care of which you are a member, Mr. Chairman. We want to thank you and David Kendall for your efforts on the commission. The commission strongly recommends that family foster care be a part of a national policy of strengthening families to prevent the unnecessary separation of children from their families.

It is very clear to us that what is needed and what we hope you will do in the subcommittee bill is to deal with the full array of child welfare services. Every service in the child welfare system should have a family preservation thrust to it. Whether it is family foster care, whether it is residential treatment, whether it is treatment foster care—it all should be aimed at trying to preserve families.

CWLA and the commission consider family foster care is a family preservation service. If we had strong quality family foster care in this country; if we elevated the role of the foster parent so that the foster parent was part of a professional team whose goal was to try to keep the family together; if we properly compensated the foster parent so that the foster parent got a decent amount of money and support services such as respite care and child care; if

we began to treat foster care the way we should treat foster care in the 21st century then we might have a fighting chance of saving a lot of kids and saving a lot of families and keeping the families together.

Unfortunately that is not the case because we have starved the system. We have absolutely starved the system. We have starved foster parents. We dump on foster parents. We have got 125,000 wonderful people out there, the vast majority of whom are doing fabulous things with kids every day, and basically we dump on them. We have not supported them the way that they need to be supported. Therefore, we hope, Mr. Chairman, that whatever legislation this subcommittee proposes would be comprehensive and that it would support all of the services in the child welfare system. We believe that every jurisdiction in the United States should have a family preservation program, a quality family foster care program, quality residential treatment programs, and the full array of child welfare services.

It is interesting that we are here in the United States of America and we believe it to be the strongest country in the world. Yet one of our major economic competitors is Germany, and Germany is doing things for kids and families that it would seem to be considered radical in this country. Germany, our economic competitor, has national health insurance for everyone; has children's allowances up until the children are 16 years old, that gives additional allowances for infants up to the age of 6 months; has free universities for everyone in the country; and has additional benefits to help young families to buy a home.

Everyone in Germany receives these benefits because they understand something that we have not yet figured out in this country—that we need to invest in our kids and families. That's what Germany is doing and that's why they are strong economically and I hope we will catch up quickly.

Yet what is the administration proposing? The administration is not proposing to develop a comprehensive plan to deal with the child welfare system, but our administration is proposing to cut moneys for child welfare. As you pointed out, Mrs. Johnson, it is going exactly in the wrong direction. Instead of coming up with additional funds to respond to the crisis in child welfare, the administration is talking about cutting funds for child welfare. We find this to be unconscionable.

I have great respect for Wade Horn, who is a friend and he has got a tough job representing the administration on this issue.

Mr. ANDREWS. Mr. Liederman, I don't think he is taking it personally.

Mr. LIEDERMAN. OK, nothing personal. But the point is that it is an outrageous proposal. It is an absolutely outrageous proposal. On one hand, they would cut you $246 million, and on the other hand, they would then give you back $90 million and somehow that is supposed to make up for the $246 million shortfall and somehow we are supposed to keep families together and respond to the crisis in child welfare.

When the President came out with his proposal, Mr. Chairman, we did a survey of all 50 States to see how they were spending their administrative money. And about 28 of the States could tell

us how the administrative money broke out. What we found in those States that could tell us how they broke out their administrative money, was that they were spending about 29 percent of what is called administrative money on preplacement services. So about one-third, about 30 percent of the money, on average, was going for preplacement services. They are not spending this money on roads; they are not spending this money building highways; they are not spending this money on tables and chairs and typewriters, even though some administrative money might go for that—they are spending this money on trying to serve kids and families. That is what they are trying to do. Preplacement services helps Gary Stangler, helps Peter Walsh, helps the people who are running these programs to figure out what ought to happen to those kids and what ought to happen to that family. I would suggest that, in many cases, it results in other kinds of services being provided than a placement. That is the purpose of having money for preplacement services. The mandate of 96-272 is to protect the kids.

So if you cut preplacement services, I would suggest that what is going to happen is that more kids are going to go directly into foster care. There would not be an evaluation or the kind of proper investigation that there ought to be and as a result more kids will go directly into foster care and the other costs of IV-E are going to go up. The costs for care and maintenance are just going to go up. We have already seen a dramatic increase in the number of kids in foster care and the projections are that over half a million kids will be in foster care by 1995. The impact of the administration's proposal is that more kids will come into care and the cost for care and maintenance will go up.

So the proposal, on its face, makes no sense. And we appreciate the fact, Mr. Chairman, that you—and I was certainly happy to hear Mrs. Johnson's questions this morning—understand what this game is about. And it really is an unfortunate proposal on the part of the administration. We hope that you will reject it out of hand.

In summary, we hope, Mr. Chairman, that you will do everything possible and the members of this subcommittee will do everything possible to come out with a comprehensive package of child welfare legislation that supports all parts of the child welfare system and infuses needed dollars into all parts of the system as well.

Thank you, very much.

[The prepared statement and attachment follow:]

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STATEMENT OF DAVID S. LIEDERMAN, EXECUTIVE DIRECTER
CHILD WELFARE LEAGUE OF AMERICA

Good Morning Mr. Chairman and members of the panel. My name is David Liederman and I am the Executive Director of the Child Welfare League of America (CWLA). Thank you for the invitation and opportunity to testify before the Subcommittee to express our views on the needs of children and families in the child welfare system.

The Child Welfare League of America is the oldest and largest national membership organization with more than 600 child serving agencies throughout North America. We are comprised of both public and voluntary non-profit providers serving 2.3 million children, youth and their families in need of family support services, emergency shelter, out of home care,(including foster family care, group care and residential treatment) adoption and teen pregnancy services. The children and youth served by CWLA members are deprived, neglected and/or abused; in other words, CWLA agencies work with the most troubled and needy children and families in the country.

Let me begin by expressing our sincere appreciation for the work of this subcommittee last year, enacting various provisions related to the child welfare system under the Omnibus Budget Reconciliation Act of 1990 such as allowing states to provide Independent Living Services to youths up to age 21 who have been discharged from the foster care system; and disregarding foster care and adoption assistance payments when computing a family's eligibility for AFDC and food stamps. CWLA testified before this subcommittee last year in favor of these provisions and it is quite heartening to us that not only did this Subcommittee listen but you responded. We particularly thank you for your leadership Mr. Chairman in introducing the Family Preservation Act of 1990 (H.R.5020). CWLA and the Children's Defense Fund have for the last two years been co-chairing a coalition of 60 national organizations and developed a package of legislative proposals, many of which were included in H.R 5020. We look forward to working with you this year as you develop your legislation

Mr. Chairman, in response to mounting national concern about the viability of family foster care services, the Child Welfare League of America, in collaboration with the National Foster Parent Association, convened a National Commission on Family Foster Care (NCFFC) in January 1990, and I would like to talk now about the Commission and mention some of its findings and recommendations.

The charge to the Commission was to: (1) define the value and role of family foster care in the 1990's; and (2) recommend necessary changes in foster parent and social worker practices, agency responsibilities to support those practices, and public policies and federal legislation to support model programs and practices. The 48-member Commission included two members of Congress, Congressman Robert Matsui, who at the time was a member of this subcommittee and Congressman Michael Andrews who, we are glad to say, is still a member of this subcommittee. We were most appreciative of their contributions to the Commission, and I would like to express our special thanks to them for their work. Other members of the Commission were private child welfare agency directors and supervisors; public child welfare agency commissioners and administrators; foster parents; social work educators and researchers; judges and attorneys; representatives of foundations and national organizations and agencies concerned with family foster care; and a youth in care representative.

The final report of the Commission which is entitled "Blueprint for Fostering Infants, Children and Youth in the 1990's" reflects one year of research, debate and deliberation by the NCFFC. The Commission report is intended to provide the foundation for new thinking about both family foster care and

kinship care. It provides an explanation for the "crisis" in family foster care and ten challenging beliefs about family foster care for the 1990's. The report offers a detailed definition of family foster care, including its value, goal and tasks.

But the report goes beyond why changes are needed and what changes are needed. It provides a detailed outline or plan to implement urgently needed actions that are essential for family foster care to effectively serve infants, children, youth and families involved in the tragedy of abuse, maltreatment and neglect. Included in this report are specific foster parent and social worker responsibilities, agency responsibilities, and public policies and legislation that support an effective family foster care program--and the actions to carry out those responsibilities. The report also includes a special section on the significance, value, issues and challenges of kinship care. Included are recommendations to address this rapidly growing, complex, controversial and essential child welfare service option.

The report concludes with a list of "Next Steps"--actions that individuals, associations, groups, religious leaders, communities, organizations, businesses, public and private agencies, and elected and appointed government officials must take, immediately, to build upon this "Blueprint" as the report is called, for fostering infants, children and youth in the 1990's.

To no one's surprise, the Commission found there to be a steadily growing crisis in foster care. At least 340,000 children are in care on any given day, up from 225,000 in the early 1980's, with more than 500,000 children projected to need out-of-home care by 1995. Since the passage of P.L. 96-272, the Adoption Assistance and Child Welfare Act of 1980, any gains anticipated from the philosophy of permanency planning have seemed to disappear as far as reducing the number of children in foster care. And as demand for foster homes is increasing, the number of available qualified foster parents is decreasing.

Compounding this problem, the needs of infants, children and youth in foster care have become more complex and perplexing. Historically, children in care were classified in two groups: those who were primarily dependent and neglected, and those with special emotional, behavioral and medical needs. Today, family foster care must respond to the developmental needs of youngsters who have been traumatized by poverty and homelessness, emotional maltreatment, physical and sexual abuse, alcohol and other drug exposure, HIV infection and--the worst fear of all children--the inability of their parents to take care of them. Now, most infants, children and youth needing family foster care have some kind of special needs, and the remainder have what can only be termed extraordinary needs. These children and youth need a level of service that traditional foster care and child welfare services were not designed to address.

The problems that family foster care is struggling to handle are the logical result of two decades of national neglect in attending to the welfare of children and families. Numerous recent national studies report that the quality of life for children and families has deteriorated over the past 20 years and, especially, during the last decade. There are substantial increases in the number of children and youth living in poverty; babies born exposed to alcohol and other drugs; juveniles who are incarcerated; teenagers who become pregnant; infant and teen violent deaths; and runaway and homeless youth.

There clearly has been a diminished response in this country to problems of poverty; affordable and accessible quality housing, child care and health care; alcohol and other drug

abuse; and HIV infection. The impact of these problems are especially devastating for African American, native American and Hispanic children, youth and families, and the effects of institutional racism are pervasive and compelling.

The failure of our society to help families take care of their own children has disastrous and costly results, with a 120% increase in reported cases of child abuse and neglect in the past decade. The current child welfare system, historically underfunded, is not designed to serve these 2.4 million reported cases of child abuse and neglect and the most troubled population of children and families in the history of our country. The current family foster care system was built on a century-old premise that there would be sufficient numbers of families with wage-earning fathers and at-home mothers willing and able to donate their time and money to care for children whose problems primarily were only dependency and neglect. We can't serve 1990's children with a 19th century program. It is not surprising that there is "crisis" in family foster care.

The Commission report flatly rejects the suggestion of some foster care critics to replace or supplement family foster care with orphanages. **Family foster care is an essential and valuable child welfare service. But it must be part of a national policy of strengthening families to prevent the unnecessary separation of children from their families, supplemented by a full array of fully-funded quality out-of-home care options, such as kinship care, treatment foster care, group and residential treatment.**

Because of the traumas that led to the separation of children and parents, and the trauma of the separation itself, all out-of-home care options, including family foster care, must complete essential tasks including: protect and nurture children in a safe, predictable environment; ameliorate developmental delays and meet developmental needs; promote positive self-esteem, family relationships, and cultural and ethnic identity; plan and achieve permanence; and prepare children, youth and their parents for safe and appropriate relationships and responsibilities.

The Commission recognizes that:

* The family is the most powerful and appropriate institution for raising children;

* Family supports must be comprehensive, culturally responsive, family-focused, community-based and focused on strengthening families to prevent crises leading to parent/child separation;

* Child welfare services must be part of an interdisciplinary effort involving community members, the courts, health and mental health professionals, educators, the juvenile justice system, business groups, and a host of public/private partnerships; and

* Kinship care and family foster care are essential service delivery options that can and must be designed to serve our country's most vulnerable populations--youthful victims of physical abuse, sexual abuse, emotional maltreatment and neglect.

The definition of family foster care for the 1990's reflects a set of beliefs that provide the foundation for the recommended foster parent, social worker and agency responsibilities, and public policies and legislation. These beliefs include:

* Recognizing the rights of children and youth to a family intended to be permanent.

* Emphasizing the developmental needs of children and youth as the major concern of the child welfare system.

* Assisting parents to regain custody or make an alternate plan intended to be permanent for their children and youth.

* Providing each child and youth with a foster parent and social worker who have the skills to support their developmental, cultural and permanency needs, and providing foster parents and social workers with necessary supports to develop and use those competencies.

* Designing family foster care as part of a comprehensive, coordinated, interdisciplinary service delivery system using a team approach.

* Providing legal representation that ensures timely case plans with court proceedings that are skillful and speedy.

* Collecting, analyzing and disseminating accurate, complete and relevant data about children, youth and families served.

* Supporting family foster care--and all child welfare services--with effective and accountable leadership in city halls, governors' offices, national organizations, the judiciary, the federal government, Congress and the White House.

A commitment to these beliefs and the compelling needs of children, youth and families requires a new definition for family foster care.

Historically, family foster care has been called foster family care. It was viewed as substitute care for children separated from natural parents; and the child, the parents and the foster parents were all considered service recipients. It was generally assumed that "good" children could be rescued from "bad" environments, placement with a loving foster family could correct any behavior problems, parents who were out of sight were out of mind, and caseworkers had the time and skill to supervise foster homes. These ideas are not acceptable for today's foster care population.

The Commission recommends changing the program name to family foster care, emphasizing that foster care is a service to children and families through the strength of family living and the supports of families and communities. Family foster care supplements what birth parents cannot provide, since no one can truly substitute for the family of origin. Value judgments about good and bad are deleted. Foster parents are service providers, not service recipients. Both foster parents and social workers must be trained in specific skills to deal with challenging emotional, behavioral and medical problems. And social workers need manageable caseloads to work with the parents of children in care, and to provide supervision and consultation to foster parents.

The Commission offers the following definition:

Family foster care is an essential child welfare service option for children and parents who must live apart while maintaining legal and, usually, affectional ties. When children and parents must be separated because of the tragedy of physical abuse, sexual abuse, neglect, maltreatment or special medical circumstances, family foster care provides a planned, goal-directed service in which the care of children and youth takes place in the home of an agency-approved family. The value of family foster care is that it can respond to the unique, individual needs of infants, children, youth and their families through the strength of family living, and through family and community supports. The goal of family foster care is to provide opportunities for healing, growth and development leading to

healthier infants, children, youth and families, with safe and nurturing relationships intended to be permanent.

The challenge is to define family foster care to meet the needs of infants, children and youth through child-centered, family-focused services. These services must: promote family preservation; respect cultural, ethnic and community diversities; mobilize the strengths of those who use or come in contact with foster care; strengthen linkages among formal and informal networks; provide economic, social and health care supports; prepare children, youth and families for responsible relationships; and support a full array of services to meet the complex needs of those needing family foster care.

The definition is based on the strong belief that all children need help to become competent adults, and all families need some kind of support to care for their children. Further, some children and their families, because of unique family circumstances or difficulties, institutional racism, and government and social neglect, require specialized assistance.

A full copy of the Commission report is available to the Members of the Subcommittee but I would like to mention a few of the recommendations for legislative action:

1. Amend title IV-E of the Social Security Act to:

* Include as eligible any child in family foster care. A "maintenance of effort" provision must be included which requires states to maintain their current level of funding for foster care. All artificial barriers to Title IV-E eligibility should be removed with an uncapped entitlement.

* Allow reimbursement to states for the recruitment and retention of all family foster homes.

* Ensure eligibility for all abandoned infants.

* Encourage the placement of children with foster parents of their own cultural or ethnic group.

* Allow reimbursement for a specialized service fee for foster parents willing and able to care for siblings.

* Require that, within 60 days of placement in foster care and periodically thereafter, every child and youth receives a comprehensive health examination identical to the assessments and requirements of the Early and Periodic Screening Diagnosis and Treatment (EPSDT) Program under Medicaid.

* Require that a separate element of the child's case plan document how the mental health needs of each child and youth will be met, and updated at regular intervals, consistent with case review requirements.

* Require documentation that the state has established through policy or licensing standards for foster care, the prohibition of the use of corporal, harsh and humiliating punishment of children and youth placed in foster care as a condition of approval of the state's title IV-E plan.

* Encourage states to establish youth-in-care networks.

* Establish the 21st birthday as the closing date for eligibility to receive federal foster care maintenance assistance.

* Provide transitional medical assistance to youth in

foster care who lose eligibility when they reach the age of majority.

* Ensure that costs incurred with respect to operating independent citizen review boards are allowable.

* Allow federal reimbursement for respite care services for foster families.

* Require that states accessing title IV-E foster care training funds collaborate with local, state or national foster parent associations to develop these programs.

* Establish a national minimum board rate for payment to foster parents, indexed according to the cost of living increase, the age and special needs of infants, children and youth in their care.

3. Amend title IV-B of the Social Security Act to:

* Require that a minimum list of statewide services be available to facilitate decision-making during case reviews.

* Require mandatory pre-service and in-service training for foster parents and social workers which: is based on nationally recognized training models; includes interdisciplinary topics related to special education, health and mental health, HIV infection and chemical dependency; and is culturally responsive.

* Require that a minimum group of foster parents' supports are available; included as part of the state IV-B plan; and developed in collaboration with foster parent associations.

4. Amend section 479 of the Social Security Act regarding the national data collection system for foster care and adoption to require that the system is fully financed by the federal government for initial start-up costs, with ongoing operating costs, reimbursed at 50% by the federal government.

5. Establish federal authority to provide public and private child welfare agencies with funds to develop model staff recruitment and retention strategies to include, but not be limited to, working conditions, professional development, and training in accordance with federal legislation proposed in the "Strengthening Service Delivery Componen:" of the Comprehensive Child Welfare Initiative.

6. Reject the proposed $1.7 billion budget cut for foster care.

I would like to elaborate on this last recommendation because the Administration's proposal to preclude Federal reimbursement for pre-placement services under Title IV-E administrative costs is totally outrageous and must be rejected swiftly and firmly. It is ironic and troubling that in the midst of a growing emergency in the child welfare system and the huge increase in the number of children in out-of-home care, the Administration has proposed to <u>cut</u> preplacement services. Child welfare agencies and workers can hardly keep up now. If the Administration's proposal is adopted, children will be in serious jeopardy.

This subcommittee well knows that administrative costs under Title IV-E allow states to provide important protections, and you took steps to assure that these protections were preserved in the Omnibus Reconciliation Act (OBRA) of 1990, which amends Title IV-E to specifically add child placement as an activity for which states are entitled to receive reimbursement. This provision

serves to strengthen the mandates under P.L. 96-272 which requires that states make "reasonable efforts" to keep the child with his/her family. Title IV-E administrative costs pay for investigations of reports of abuse, supports the costs of developing the plan for the child, communicating with all of the relevant people including the child's parents, the courts, service providers, recruiting foster parents and these are just a few of the activities involved in serving a child who is determined to be "at-risk" of placement.

The mandates in P.L. 96-272 not only allow states to conduct these activities, but **the states are fiscally sanctioned if they don't provide such protections.** The Administration's proposal is another attempt to limit the critical supports for children and families that were intended by the framers of 96-272. In 1987 several states appealed the Department of Health and Human Services decision to disallow reimbursement for preplacement activities. The Department Grant Appeals Board in Missouri Department of Social Services, Decision No. 844 (March 2, 1987) found that the Title IV-E statute required and authorized reimbursement for pre-placement activities for all children who are candidates for the IV-E program, regardless of whether they are placed in foster care. The Administration's current proposal to "refocus the program by targeting administrative payments only for eligible children in foster care" is a return to a policy that has already been found to be contrary to the statute.

Since February, when the President's budget outlined the plan to disallow reimbursement for pre-placement services, we have heard from child welfare agencies around the country about how the Administration's proposal would impact on children in their states and communities. Not surprisingly, there is unanimous consent that the Administration's plan would be harmful to children and families. One state said, "If that plan goes through, some really ugly things will happen out here, putting a heavy hit on the states at a time when they can least afford it, is unconscionable."

We have also looked at data on the breakdown of Title IV-E administrative costs and found that while it varies from state to state, in total, "pre-placement services" accounts for about 29% of IV-E administrative costs. In some states the percentage is much higher and in others it is lower but in every state the loss would be devastating. For example, California's child welfare budget was slashed by $50 million this year, the additional $40 million reduction that the Administration's proposal would cause, would severely jeopardize children.

In closing, Mr. Chairman, we urge the subcommittee to use this report as a resource as you develop legislation during this session of Congress. And, as always,the Child Welfare League of America and its 650 member agencies throughout the country stand ready to work with you and support you in your efforts to assure that our country's most vulnerable children are protected and well-served.

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NATIONAL COMMISSION ON FAMILY FOSTER CARE

A BLUEPRINT FOR FOSTERING INFANTS, CHILDREN AND YOUTH IN THE 1990'S

CHILD WELFARE LEAGUE OF AMERICA

in collaboration with

NATIONAL FOSTER PARENT ASSOCIATION

March 1991

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TABLE OF CONTENTS

Topic	Page
ACKNOWLEDGEMENTS	iii
PREFACE	vii
MEMBERS OF THE NATIONAL COMMISSION ON FAMILY FOSTER CARE	ix
EXECUTIVE SUMMARY	xviii
FAMILY FOSTER CARE: A SERVICE UNDER SIEGE	
Statement of the Problem	1
Reflection of a Greater Problem	5
The Need for Options and an Array of Services	7
Family Foster Care: An Essential Service Option	11
THE GOAL OF FAMILY FOSTER CARE	
Challenging Beliefs	13
A Definition for the 1990's	31

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RECOMMENDATIONS

Introduction 33

Foster Parent and Social Worker Responsibilities 35

Agency Responsibilities 39

Legislation and Public Policies 55

THE SIGNIFICANCE OF KINSHIP CARE

Introduction 69

Historical Perspective 72

Issues and Challenges 76

Summary and Recommendations 84

NEXT STEPS 88

APPENDICES

A. The Basic Rights of All Children

B. CWLA 1990 Biennial Resolutions for Family Foster Care

C. Glossary

D. Bibliography

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ACKNOWLEDGEMENTS

The National Commission on Family Foster Care (NCFFC) signaled the start of an important initiative at the Child Welfare League of America: to focus national attention on strengthening family foster care as an essential service option for children, youth and families. This "Blueprint for Fostering Infants, Children and Youth in the 1990's" is the result of a year of committed and dedicated work on the part of Commission members and CWLA staff, and clearly lays a foundation for building a strong and viable family foster care service delivery system.

Successful family foster care is a team effort. To reflect this belief, the NCFFC has been a collaborative effort between CWLA and the National Foster Parent Association. On behalf of CWLA, I want to thank **George Werkmeister**, past president of the NFPA, and **Ralph Willenbring**, president, for their commitment to this endeavor.

Effective teams also require a leader with a vision, and members with unique expertise, and dedication to achieving a common goal. The NCFFC exemplifies such successful teamwork and we wish to acknowledge the many individuals who were part of this team. First and foremost, we recognize the leadership of **Audrey Rowe**, a nationally respected child and family advocate. As chairperson of the Commission, Audrey used her considerable skills to keep the Commission on task, on track and on time.

We are especially grateful to Congressman **Michael A. Andrews** (D-TX) and Congressman **Robert T. Matsui** (D-CA) and their staff for supporting the NCFFC.

We extend deep appreciation to each member of the NCFFC and their agencies and organizations whose commitment provided the resources for their invaluable participation. We especially thank the following Commission members who devoted extra time and energy to co-chairing the public policy, program and practice, kinship care and public responsibilities work group. These individuals are **Ivory Johnson, Gerald Levin, Emily Jean McFadden, Elba Montalvo, Donna Petras, Pat Reynolds, Joan Riebel, Beth Wald** and **Cora White**. And we have much admiration for **Lisa Nichols**, the NCFFC youth-in-care representative whose advocacy for her peers is very much evidenced throughout the "Blueprint."

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We also recognize the contributions of **Joyce Hopson**, formerly with the Washington Department of Social and Health Services, and **Albert J. May**, formerly with Los Angeles County Department of Children's Services in the early stages of the Commission. We especially want to thank **Linda Greenan** who, as CWLA's Director of Public Policy through October 1990, provided invaluable guidance and support for our public policy discussions and recommendations.

Because of the unique and emerging dynamics related to kinship care, the NCFFC sought outside consultants whose perspectives and knowledge could help shape our special report on kinship care. We want to thank the following individuals for the significant consultation they provided regarding kinship care: **MaryLee Allen**, Children's Defense Fund; **Sondra Jackson** and **Dana Wilson**, Baltimore City Department of Social Services; **Beatrice Moore**, U.S. Children's Bureau; **Wilfred Hamm**, Hamm & Associates; **Robert T. Hill**, Morgan State University; **Jacqueline Ebanks**, Federation of Protestant Welfare Agencies; and **David Kirk**, Illinois Public/Private Task Force on Home of Relative Care. **Marianne Takas** of the American Bar Association's Center for Children and the Law is especially thanked for donating so much of her time and expertise to help research and shape our kinship care report.

Appreciation also goes to **Betsey Rosenbaum** of the American Public Welfare Association, who constructively commented on the NCFFC's work.

I want to thank all of the CWLA staff who contributed so much energy to this project. And I want to thank our family foster care and adoption program director, **Eileen Mayers Pasztor**, who coordinated the work of the NCFFC and the development of this "Blueprint." Eileen is a valued colleague at CWLA and her vision, commitment and skill made the entire effort possible. The dedication and talent of **Erica Caplan**, our program assistant, also helped this project succeed.

The NCFFC and this "Blueprint" mark the first milestone in CWLA's family foster care initiative. The second milestone has been the commitment by the CWLA 1990 Biennial Assembly to family foster care and kinship care through its resolutions which are identified later in this document. The next milestone will be to develop a plan for implementation of our Biennial Assembly resolutions and the NCFFC's recommendations. Accomplishing this goal again will require a team effort. We are pleased to continue our collaboration with the National Foster Parent Association on this initiative, and that the Foster Family Family-based Treatment Association and the National Foster Care Resource Center for Family, Group and Residential Care at Eastern Michigan University also will collaborate.

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We are delighted that **Audrey Rowe** will continue to offer her leadership skills by co-chairing the steering committee for this initiative. And we are fortunate that **Judith Nelson**, Executive Director of the Children's Bureau of Los Angeles, will serve as co-chair.

We look forward to your positive response to this report and welcome your full participation in building upon this blueprint to most effectively serve our country's most vulnerable but valuable children, youth and their families.

David S. Liederman
Executive Director
Child Welfare League of America, Inc.

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February 11, 1991

Dear Colleagues:

Over the past year, the Child Welfare League of America in collaboration with the National Foster Parent Association, and the help of many others, have worked long and hard to develop a very contemporary and credible "Blueprint" for the future of family foster care.

The NFPA represents approximately 100,000 foster families serving several hundred thousand children and youth in care in the United States. We are committed to addressing the recommendations outlined in this "Blueprint". This commitment includes all those on a local, state, national level working as partners to meet the ever-increasing challenges of family foster care.

We thank everyone involved in the development of this excellent plan for the future of family foster care and, especially, the Child Welfare League of America for creating the opportunity to develop and implement such an essential project.

We look forward with great enthusiasm to build on this "Blueprint" which not only describes the problems that exist but, also, outlines the array of comprehensive services essential to meet the needs of children, youth and families requiring family foster care services.

Sincerely,

Ralph W. Willenbring
President

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PREFACE

In January 1990, the Child Welfare League of America (CWLA) in collaboration with the National Foster Parent Association (NFPA) convened the National Commission on Family Foster Care (NCFFC). We came together as a diverse group but sharing a common concern: the future of family foster care as a viable option for infants, children, youth and families who need out-of-home care services. Our charge was to define an appropriate role for family foster care in the 1990's and to recommend practices, programs, policies, legislation and public and private responsibilities to support that role.

During the past year, we have met in plenary and work groups and through conference calls. One of our meetings was held in conjunction with the 20th annual training conference of the NFPA, affording us an opportunity to see more than one thousand foster parents in action. During our meetings we struggled with a range of issues: Is family foster care really a vanishing program given the shortage of foster parents and the skyrocketing number of infants, children and youth needing full-time care? How can foster parents be recruited and retained to care for and work with the most troubled children and families in the history of child welfare? What kinds of casework skills are necessary to support family foster care, and how do agencies recruit and retain skilled social workers? How can we respond to the issues raised by the disproportionate number of children of color in the foster care system? Where does kinship care fit in the array of out-of-home care services? What responsibilities and actions must be forthcoming on local, state and federal levels?

Our report begins with a description of the state of family foster care in the 1990's, including historical and contemporary social, economic and legislative influences. From this perspective, we challenge commonly held beliefs about family foster care. The word "challenging" is used two ways: to challenge beliefs that no longer seem relevant, and also, to recognize that such new concepts create considerable challenges in order to maintain family foster care as a valuable child welfare service.

Based on these premises, we offer a new definition of family foster care, reflecting the current and projected needs of infants, children, youth and families in this decade. These needs, in turn, drive the recommended changes in foster parent and social worker practices, agency responsibilities, and state and federal policies and legislation.

Dramatic increases in the sheer numbers and challenges involving the placement of children and youth with relatives require a separate focus on kinship care. In this section

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of our report, we raise the issues that must be considered to develop sound policies, programs and practices able to support the service delivery option of kinship care. The rationale for our position, the kinship care resolutions passed by the CWLA 1990 Biennial Assembly, and our recommendations regarding kinship care are included; they affirm our belief in the overriding importance of family ties for all children and youth.

Our report concludes with a summary and immediate next steps for action.

The Appendix includes: (A) "The Basic Rights of All Children;" (B) the family foster care resolutions passed by the CWLA 1990 Biennial Assembly; (c) a glossary; and (D) the bibliography.

The 1980's began with passage of the Adoption Assistance and Child Welfare Act of 1980, and the promise of great reform in planning for permanence for children and youth at risk. The 1990's began with national reports, studies and commissions painstakingly documenting the deterioration of the quality of life for many children and families who need services and can't get them, or who get services that do not meet their needs. The NCFFC recognizes that the escalating demands placed on the family foster care system relate directly to the diminished response in our country to the problems of poverty; affordable, accessible and quality housing, child care and health care; alcohol and drug abuse; HIV infection; adolescent pregnancy; and pervasive institutional racism. And we further contend that family foster care and other child welfare services were never given the resources necessary to fulfill the intent of P.L. 96-272.

Improvements in family foster care must be considered within the context of a fully-funded array of child and family welfare services. This report provides the rationale for our position and accompanying recommendations. We believe it is time for our country to fulfill some long overdue commitments to improving the quality of life for our children and families. Let us move forward, not backward.

Our report is titled "A Blueprint for Fostering Infants, Children and Youth in the 1990's." A blueprint is an outline or plan. Fostering means to nurture and promote growth. This report is intended to make a significant contribution by planning and mapping actions that are essential for children and youth at risk to mature into adults who could raise healthy children of their own.

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EXECUTIVE SUMMARY

Purpose and Overview of the "Blueprint"

In response to mounting national concern about the viability of family foster care services, the Child Welfare League of America, in collaboration with the National Foster Parent Association, convened a National Commission on Family Foster Care (NCFFC) in January 1990. The charge to the Commission was to: (1) define the value and role of family foster care in the 1990's; and (2) recommend necessary changes in foster parent and social worker practices, agency responsibilities to support those practices, and public policies and federal legislation to support model programs and practices. The 48-member Commission included two members of Congress; private child welfare agency directors and supervisors; public child welfare agency commissioners and administrators; foster parents; social work educators and researchers; judges and attorneys; representatives of foundations and national organizations and agencies concerned with family foster care; and a youth in care representative.

This "Blueprint for Fostering Infants, Children and Youth in the 1990's" reflects one year of research, debate and deliberation by the NCFFC. The "Blueprint" is intended to provide the foundation for new thinking about both family foster care and kinship care. It provides an explanation for the "crisis" in family foster care and ten challenging beliefs about family foster care for the 1990's. The "Blueprint" offers a comprehensive definition of family foster care, including its value, goal and tasks.

But the "Blueprint" goes beyond why changes are needed and what changes are needed. It provides a detailed outline or plan to implement urgently needed actions that are essential for family foster care to effectively serve infants, children, youth and families involved in the tragedy of abuse, maltreatment and neglect. Included in this report are specific foster parent and social worker responsibilities, agency responsibilities, and public policies and legislation that support an effective family foster care program--and the actions to carry out those responsibilities. The "Blueprint" also includes a special section on the significance, value, issues and challenges of kinship care. Included are recommendations to address this rapidly growing, complex, controversial and necessary child welfare service option.

The "Blueprint" concludes with a list of "Next Steps"--actions that individuals, associations, groups, religious leaders, communities, organizations, businesses, public and private agencies, and elected and appointed government officials must take, immediately, to build upon this "Blueprint" for fostering infants, children and youth in the 1990's.

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Statement of the Problem

There is a steadily growing crisis in foster care. At least 360,000 children and youth are in care on any given day, up from 225,000 in the early 1980's, with more than 500,000 children and youth projected to need out-of-home care by 1995. Since the passage of P.L. 96-272, the Adoption Assistance and Child Welfare Act of 1980, any gains anticipated from the philosophy of permanency planning have disappeared as far as reducing the foster care population. And as demand for foster homes is increasing, the number of available qualified foster parents has decreased by 30% since 1984.

Compounding this problem, the needs of infants, children and youth in foster care have become more complex and perplexing. Historically, children in care were classified in two groups: those who were primarily dependent and neglected, and those with special emotional, behavioral and medical needs. Today, family foster care must respond to the developmental needs of youngsters who have been traumatized by poverty and homelessness, emotional maltreatment, physical and sexual abuse, alcohol and other drug exposure, HIV infection and--the worst fear of all children--the inability of their parents to take care of them. Now, most infants, children and youth needing family foster care have some kind of special needs, and the remainder have what can only be termed extraordinary needs. These children and youth need a level of service that traditional foster care and child welfare services were not designed to address.

The problems that family foster care is struggling to handle are the logical result of two decades of national neglect in providing funding and services for children, youth and families. Numerous recent national studies report that the quality of life for children and families has deteriorated over the past 20 years and, especially, during the last decade. There are substantial increases in the number of children and youth living in poverty; babies born exposed to alcohol and other drugs; juveniles who are incarcerated; teenagers who become pregnant; infant and teen violent deaths; and runaway and homeless youth.

There clearly has been a diminished response in this country to problems of poverty; affordable and accessible quality housing, child care and health care; alcohol and other drug abuse; and HIV infection. The impact of these problems is especially devastating for African American, native American and Hispanic children, youth and families, and the effects of institutional racism are pervasive and compelling.

The failure of our society to help families take care of their own children has disastrous and costly results, with a 147% increase in reported cases of child abuse and neglect in the

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past decade. The current child welfare system, historically underfunded, is not designed to serve these 2.4 million reported cases of child abuse and neglect and the most troubled population of children and families in the history of our country. The current family foster care system was built on century-old premises that no longer are valid; These premises were that: (a) children needing care are primarily dependent and neglected and can be helped through love alone; (b) there are sufficient numbers of families with wage-earning fathers and at-home mothers willing and able to donate their time and money to "fix" these children by the age of 18; and (c) caseworkers have the time and skill to supervise foster home placements. We can't serve 1990's children and youth with 19th century assumptions. It is not surprising that there is "crisis" in family foster care.

The Need for Options and an Array of Services

The "Blueprint" flatly rejects the suggestion of some foster care critics to replace or supplement family foster care with orphanages. Family foster care is an essential and valuable child welfare service. But it must be part of a national policy of strengthening families to prevent the unnecessary separation of children from their families, supplemented by a full array of fully-funded quality out-of-home care options, such as kinship care, treatment foster care, group and residential treatment.

Because of the traumas that led to the separation of children and parents, and the trauma of the separation itself, all out-of-home care options, including family foster care, must complete the following essential tasks: protect and nurture children in a safe, predictable environment; ameliorate developmental delays and meet developmental needs; promote positive self-esteem, family relationships, and cultural and ethnic identity; plan and achieve permanence; and prepare children, youth and their parents for safe and appropriate relationships and responsibilities.

The "Blueprint" supports the proposed federal legislative package known as the Comprehensive Child Welfare Initiative (formerly the Family Opportunities Agenda) which was developed by a coalition of national organizations under the leadership of the Child Welfare League of America and the Children's Defense Fund. The "Blueprint," like the Comprehensive Child Welfare Initiative, recognizes that:

* The family is the most powerful and appropriate institution for raising children;

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* Family supports must be comprehensive, culturally responsive, family-focused, community-based and focused on strengthening families to prevent crises leading to parent/child separation;

* Child welfare services must be part of an interdisciplinary effort involving community members, the courts, health and mental health professionals, educators, the juvenile justice system, business groups, and a host of public/private partnerships; and

* Kinship care and family foster care are essential service delivery options that can and must be designed to serve our country's most vulnerable populations--youthful victims of physical abuse, sexual abuse, emotional maltreatment and neglect.

A Definition of Family Foster Care for the 1990's

The definition of family foster care for the 1990's reflects a set of beliefs that provide the foundation for the recommended foster parent, social worker and agency responsibilities, and public policies and legislation. These beliefs include:

* Recognizing the rights of children and youth to a family intended to be permanent.

* Assisting parents to regain custody or make an alternate plan intended to be permanent for their children and youth.

* Emphasizing the developmental needs of children and youth as the major concern of the child welfare system.

* Providing each child and youth with a foster parent and social worker who have the skills to support their developmental, cultural and permanency needs, and providing foster parents and social workers with necessary supports to develop and use those competencies.

* Designing family foster care as part of a comprehensive, coordinated, interdisciplinary service delivery system using a team approach.

* Providing legal representation to ensure timely response to case plans with court proceedings that are skillful and speedy.

* Collecting, analyzing and disseminating accurate, complete and relevant data about children, youth and families served.

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* Supporting family foster care--and all child welfare services--with effective and accountable leadership in city halls, governors' offices, national organizations, the judiciary, the federal government, Congress and the White House.

A commitment to these beliefs and the compelling needs of children, youth and families requires a new definition for family foster care.

Historically, family foster care has been called foster family care. It was viewed as "substitute" care for children separated from "natural" parents; and the child, the parents and the foster parents all were considered service recipients. It was generally assumed that "good" children could be rescued from "bad" environments, placement with a loving foster family could correct any behavior problems and parents who were out of sight were out of mind. These ideas are not acceptable for today's foster care population.

The "Blueprint" uses the term family foster care, emphasizing that foster care is a service to children and families through the strength of family living and the supports of families and communities. Family foster care supplements what birth parents cannot provide, since no one can truly substitute for the family of origin. Value judgements about good and bad are deleted. Foster parents are service providers, not service recipients. Both foster parents and social workers must be trained in specific skills to deal with challenging emotional, behavioral and medical problems. And social workers need manageable caseloads to work with the parents of children and youth in care, and to provide supervision and consultation to foster parents.

The "Blueprint" offers the following definition:

Family foster care is an essential child welfare service option for children and parents who must live apart while maintaining legal and, usually, affectional ties. When children and parents must be separated because of the tragedy of physical abuse, sexual abuse, neglect, maltreatment or special medical circumstances, family foster care provides a planned, goal-directed service in which the care of children and youth takes place in the home of an agency-approved family. The value of family foster care is that it can respond to the unique, individual needs of infants, children, youth and their families through the strength of family living, and through family and community supports. The goal of family foster care is to provide opportunities for healing, growth and development leading to healthier infants, children, youth and families, with safe and nurturing relationships intended to be permanent.

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The challenge is to define family foster care to meet the needs of infants, children and youth through child-centered, family-focused services. These services must: promote family preservation; respect cultural, ethnic and community diversities; mobilize the strengths of those who use or come in contact with foster care; strengthen linkages among formal and informal networks; provide economic, social, health care and mental health supports; prepare children, youth and families for responsible relationships; and support a full array of services to meet the complex needs of those needing family foster care.

The definition is based on the conviction that all children need help to become competent adults, and all families need some kind of support to care for their children and youth. Further, some children and their families, because of unique family circumstances or difficulties, institutional racism, and government and social neglect, require specialized assistance.

The Significance of Kinship Care

In the past decade, there has been an identifiable increase in the numbers of children and youth living with relatives. In most of these case, responsible arrangements have been made and the children never come to the attention of child protection agencies. However, there also recently has been a dramatic increase in the extent to which child welfare agencies are turning to relatives to care for their grandchildren, younger siblings, and nieces and nephews who have been removed from parental custody because of abuse, neglect and maltreatment.

Variously described as relative care, extended family care, home of relative and foster care with relatives, the National Commission on Family Foster Care chooses the term kinship care to be used in this report. This expression respects and reflects the significance of family relationships based on legal and birth ties, along with cross-cultural family perceptions and values that predate formal child welfare programs. The NCFFC recognizes that long before formal child welfare programs, family members took care of each other. The multi-generational benefits of the extended family structure have been well-documented and validate the importance of the kinship system among diverse cultural and ethnic groups.

Now, however, the increase in kinship care has created considerable controversy. Issues of concern involve a complex set of dynamics involving the factors that led to placement, internal family relationships and family-agency relationships. In addition, there are difficult legal and child welfare issues related to child protection and supervision; permanency planning; monitoring and supervision; and equity and fiscal implications.

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For example, how can positive family relationships be promoted to ensure the initial and ongoing protection of children placed with kin? How can parents and relatives be encouraged to provide for emergency medical care, protection and legal custody of their children in a way that enhances family relationships and minimizes government intervention? How can the value of keeping children and youth with kin be supported while complying with the protection of federal and state regulations regarding foster care?

Addressing these concerns and challenges is a critical and immediate task. Kinship care has an essential role in the array of child welfare services. Services to children in their own homes to prevent unnecessary separation from their parents is, of course, the least intrusive and most desired choice. If this option is not adequate for child protection, then kinship care must be the first option assessed as a service to children and youth out of their own homes but within their own extended families. When kinship care is not a realistic option, then treatment foster care or group or residential care should be explored.

The "Blueprint" cites several recent studies from New York, Maryland and Colorado about the effectiveness of kinship care. While concerns are raised about kinship caregiver and agency staff perceptions of permanency planning goals, family relationships and family responsibilities, it generally is recognized that most kinship caregivers truly care about their family members and that the children benefit from being with their kin.

The use of kinship care has expanded so rapidly that child welfare agencies are making policy, program and practice decisions that lack uniformity or a substantive knowledge base. The impact of these decisions affects the lives of thousands of children and families. Kinship care provides an opportunity to affirm the value of families and natural helping networks. But without guidelines based on sound research from a national perspective, the opportunities provided through kinship care may be inadvertently lost through inappropriate policies and practices.

The prevalence of kinship care necessitates the immediate development of policies, practices, guidelines and procedures to enhance the quality of this service. These efforts must include research and demonstration projects, and the development of legislation for this essential program.

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Recommendations

The National Commission on Family Foster Care recommends the following legislative actions:

1. Authorize and fully fund the Comprehensive Child Welfare Initiative (formerly the Family Opportunities Agenda), and fully fund the Young Americans Act.

2. Reject the Administration's proposed elimination of funding for preplacement activities under title IV-E foster care and the concommitant $1.7 billion cut in the foster care budget.

3. Amend title IV-E of the Social Security Act to:

* Include any child or youth in family foster care. A "maintenance of effort" provision must be included which requires states to maintain their current level of funding for foster care. All artificial barriers should be removed with an uncapped entitlement.

* Allow reimbursement to states for the recruitment and retention of all family foster homes.

* Provide eligibility for all abandoned infants.

* Encourage the placement of children with foster parents of their own cultural or ethnic group.

* Allow reimbursement for a specialized service fee for foster parents willing and able to care for siblings.

* Require that, within 60 days of placement in foster care and periodically thereafter, every child and youth receives a comprehensive health examination identical to the assessments and requirements of the Early and Periodic Screening Diagnosis and Treatment (EPSDT) Program under Medicaid.

* Require that a separate element of the child's case plan document how the mental health needs of each child and youth will be met, and updated at regular intervals, consistent with case review requirements.

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* Require documentation that the state has established through policy or licensing requirements for foster care, the prohibition of the use of corporal, harsh and humiliating punishment of children and youth placed in foster care as a condition of approval of the state's title IV-E plan.

* Encourage states to establish youth-in-care networks.

* Establish the 21st birthday as the closing date for eligibility to receive federal foster care maintenance assistance.

* Provide transitional medical assistance to youth in foster care who lose eligibility when they reach the age of majority.

* Mandate that costs incurred with respect to operating independent citizen review boards are allowable costs.

* Allow federal reimbursement for respite care services for foster families.

* Require that states accessing title IV-E foster care training funds collaborate with local, state or national foster parent associations to develop these programs.

* Establish a national minimum board rate for payment to foster parents, indexed according to the cost of living increase, and the age and special needs of infants, children and youth in their care.

4. Amend title IV-B of the Social Security Act to:

* Require that a minimum list of statewide services be available to facilitate decision-making during case planning and reviews.

* Provide financial assistance to state court systems to study and make improvements on implementation of the federally mandated judicial determination of reasonable efforts, six month case reviews, and 18 month permanency planning hearings.

* Require mandatory preservice and inservice training for foster parents and social workers that: is based on nationally recognized training models; includes interdisciplinary topics related to special education, health and mental health, HIV infection and chemical dependency; and is culturally responsive.

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* Require that a minimum group of foster parents' supports are available; included as part of the state IV-B plan; and developed in collaboration with foster parent associations.

5. Amend section 479 of the Social Security Act regarding the national data collection system for foster care and adoption to require that the system is fully financed by the federal government for initial start-up costs, with ongoing operating costs, reimbursed at 50% by the federal government.

6. Enforce the requirements of the Individual with Disabilities Education Act, P.L. 94-142, to require collaboration between local education and child welfare agencies for special education services for children and youth in foster care.

7. Amend title XIX, Medicaid, to provide eligibility for all infants, children and youth in family foster care.

8. Reauthorize the Child Abuse Prevention and Treatment Act, P.L. 93-247, to require states to appoint guardians ad litem for every case involving an abused or neglect child which results in a judicial proceeding.

9. Develop legislation, based on national studies, interim guidelines and demonstration projects, that; (a) promotes kinship care, as appropriate; (b) provides a statutory framework specifically adapted to kinship care; and (c) guarantees that extended family members approved for kinship care are eligible for financial supports and services that are fair and adequate.

10. Establish federal authority to provide public and private child welfare agencies with funds to develop model staff recruitment and retention strategies to include, but not be limited to, working conditions, professional development, and training in accordance with federal legislation proposed in the "Strengthening Service Delivery Component" of the Comprehensive Child Welfare Initiative.

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The National Commission on Family Foster Care recommends the following public policies and initiatives:

1. That the President convene a White House Conference on Children and Youth in 1993, as called for in the recently passed Young Americans Act, including a special focus on family foster care and kinship care.

2. That the U.S. Department of Health and Human Services, Administration for Children, Youth, and Families have a full-time foster care specialist, which they have not had since 1983.

3. That national child and family advocacy organizations collaborate to develop strategic plans to ensure that the President, Congress and the U.S. Department of Health and Human Services make children and families the centerpiece of social policy.

4. That governors and state legislatures create state task forces to evaluate statutory frameworks and how well state child welfare agencies are fulfilling the responsibilities outlined in this "Blueprint," and to bring about necessary changes.

5. That community leaders (from business, religious organizations, civic groups, and health, mental health and social service agencies) form partnerships through local task forces to evaluate how well local child welfare agencies and their social workers and foster parents are fulfilling the responsibilities outlined in this "Blueprint," and bring about necessary changes.

6. That leaders from national, state and local organizations representing the cultural and ethnic minorities disproportionately included in the foster care system identify cultural competence in child welfare as an issue requiring immediate strategic action.

7. That schools of social work revise curricula so that child welfare courses are relevant for the 1990's, and BSW and MSW students are attracted to the program and prepared for child welfare work.

8. That foster parents and family foster care social workers be respected, trained and compensated adequately for the enormous challenges they accept.

9. That juvenile and family court judges take a leadership role to ensure that family law courses reflect current child welfare issues, dependency questions are included in state bar

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exams, qualified legal representation is available to all parties involved in foster care cases, and court hearings are timely and skillfully conducted.

10. That policies, programs and practices be developed to support kinship care, including: a national symposium on kinship care; a national study on kinship care; program and practice guidelines; and cross-cultural and cross-jurisdictional national demonstration projects.

The National Commission on Family Foster Care recommends that child welfare agencies providing family foster care services take the following actions:

1. Make the goal and objectives of family foster care clear to all staff, foster parents and the community, and that the necessity of teamwork be articulated and modeled throughout the organization.

2. Have a clear written policy and demonstrated commitment to advocacy and partnership.

3. Provide clearly written performance expectations for all social work staff and foster parents.

4. Develop and implement a sustained plan for foster parent and staff recruitment and retention to ensure that each infant, child and youth placed in family foster care has a foster parent and social worker prepared and supervised to fully support the child's cultural, developmental and permanency needs.

5. Keep management, social work staff, foster parents and boards informed of the changing needs of children, youth and families, and be adequately prepared to meet these needs.

6. Provide foster parents providing emergency shelter care with skills and supports to meet the unique demands of this service.

7. Develop and implement clearly written policies for case assessment and case management.

8. Create a citizen review board process to assure a complete and unbiased case review for children and families receiving family foster care services.

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9. Identify and provide a full complement of child-centered, family-focused services essential to the growth and development of the children and youth served, and to facilitate permanency outcomes.

10. Advocate for federal, state and community support for post-reunification (aftercare) services.

11. Develop and implement a plan for timely adoption for every infant, child and youth for whom family reunification is not possible, and for whom adoption would be in the best interests.

12. Develop and implement clearly written policies on confidentiality that support information sharing with foster parents as full members of the service delivery team.

13. Provide preservice and inservice training for foster parents, social workers and supervisors regarding an effective and sensitive response to allegations of abuse in foster homes.

14. Work with state legislatures and the private sector to develop discretionary funds that can be used to obtain special services for infants, children and youth and their families.

15. Develop and implement a strategic plan to provide adequate support for family foster care services.

16. Develop and implement collaboration and cooperation between public and private agencies involved in purchase of service agreements to support the above recommended actions.

The National Commission on Family Foster Care recommends that foster parents and social workers share the following responsibilities:

1. Develop an initial, mutual assessment to determine the unique strengths and needs of each infant, child, youth and family involved.

2. Support the transition of children and youth into care, including supports for their families.

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3. Involve children, youth and families to the fullest possible extent in developing their own case plans.

4. Provide emotional support and counseling to the infants, children, youth and families related to attachment, separation, loss, abuse and neglect.

5. Share accurate and essential information with the child, youth and family about progress toward case plan goals.

6. Provide continuity in the ongoing development of cultural and ethnic identity, and ensure cultural sensitivity in services provided.

7. Monitor visits between infants, children, youth and their families and assist the family toward reunification when this goal is part of the case plan.

8. Provide ongoing assessment of the strengths and needs of all parties involved.

9. Record service plans, strengths, needs and progress and share this information with other team members.

10. Share pertinent psychological, educational, behavioral, police or court information with other team members.

11. Maintain appropriate confidentiality.

12. Provide or arrange for services required by the child, youth and family including education, special education, health, mental health, chemical dependency and related services.

13. Develop intervention necessary to prevent crisis and potential placement disruptions.

14. Manage crises effectively.

15. Advocate for the individual and collective needs of infants, children, youth and families within their communities, states and the country.

16. Assist and support children, youth and families to assume responsibility for their lives.

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17. Support the transition of children and youth from family foster care to parents, relatives, adoptive parents, residential treatment or independent community living.

18. Work as a team with mutual respect to ensure well-defined rights, responsibilities, rewards and resources.

The National Commission on Family Foster Care recommends that each infant, child and youth in family foster care has at least monthly, in-person contact with a professionally educated, trained and certified social worker who can:

1. Assess, plan, match and prepare each infant, child and youth to enter family foster care, and assist the birth parents (and other family members, as appropriate) to participate to the fullest possible extent.

2. Have regular and frequent in person and telephone contact with the foster parent and the children in their care.

3. Provide essential information to foster parents and provide consultation and support while monitoring the development and safety of the children in their care.

4. Establish and monitor case plans.

5. Maintain as active a relationship as possible with parents and kinship networks.

6. Pursue culturally responsive services to promote positive self-esteem, family identity and relationships, while working toward the goal of permanence.

7. Coordinate and advocate for needed services (case management) and payment for these services.

8. Prepare necessary reports and court testimony.

9. Record and document family history, assessment results, case plans, services provided, visits made and progress toward goals.

10. Initiate the termination of parental rights when appropriate, and help all parties involved understand the rationale and the process.

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11. Conform to appropriate state and national standards and practices.

12. Advocate for the resources to meet the unique needs of the infants, children, youth and families in their caseloads.

13. Participate in training, professional development and foster care support organizations.

The National Commission on Family Foster Care recommends that all foster parents have the skills and supports to:

1. Provide children and youth with physical care and safety, and a nurturing, predictable family environment.

2. Model healthy family living to help children, youth and families learn and practice skills for safe and supportive relationships.

3. Provide discipline with non-physical punishment that promotes self-esteem and respects culture, ethnicity, and agency policy.

4. Promote and support positive relationships between children, youth and their birth families to the fullest possible extent.

5. Arrange activities to meet recreational, cultural and spiritual needs.

6. Plan for transportation to appointments, school and other programs as necessary.

7. Share information about progress toward case goals with the social worker.

8. Participate in hearings, involving the child or youth as appropriate and necessary.

9. Help prepare the child or youth for self-sufficient and responsible adult life.

10. Meet all licensing or approval requirements.

11. Participate in training, professional or skill development, and foster parent support organizations and associations.

12. Advocate for the resources to meet the unique needs of the infants, children and youth in their care.

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Summary

Implementation of the above recommendations can help family foster care achieve the essential objectives of: (1) protecting and nurturing infants, children and youth; (2) ameliorating developmental delays and meeting developmental needs; (3) promoting positive self-esteem, family relationships, and cultural and ethnic identity; (4) planning and achieving permanence; and (5) preparing children, youth and families for safe and appropriate relationships and responsibilities.

The Child Welfare League of America, representing more than 600 child welfare agencies serving approximately two million children, youth and families, is committed to its family foster care initiative, which includes mobilizing resources to build upon this "Blueprint." Collaborating with CWLA in this initiative is the National Foster Parent Association, representing approximately 100,000 foster families; the Foster Family-based Treatment Association, representing over one hundred treatment foster care agencies; and the National Foster Care Resource Center for Family, Group and Residential Care (at Eastern Michigan University) funded by the U.S. Children's Bureau.

As a country, we must commit to nurturing families--whether they are families of origin, extended families or blended families, kinship care families, foster families or adoptive families. No matter how families are defined, they need essential supports. As we prepare infants, children and youth for our future together in the 21st century, special attention must go to helping the most vulnerable but nonetheless valuable members of our society.

Mr. ANDREWS. Thank you, Mr. Liederman.

Mr. Stangler is the director of the Missouri Department of Social Services.

Mr. Stangler.

STATEMENT OF GARY J. STANGLER, DIRECTOR, MISSOURI DEPARTMENT OF SOCIAL SERVICES, AND MEMBER, NATIONAL COMMISSION ON CHILD WELFARE AND FAMILY PRESERVATION, AND THE NATIONAL COUNCIL OF STATE HUMAN SERVICE ADMINISTRATORS OF THE AMERICAN PUBLIC WELFARE ASSOCIATION

Mr. STANGLER. Thank you, Mr. Chairman.

I am the director of the Missouri Department of Social Services and am here representing my colleagues around the country especially those who also serve on the National Commission on Child Welfare and Family Preservation.

What we face in the States, as you well know, is not what I would suggest to you is a crisis. I believe that we are beyond a crisis and we are in a state of chronic deterioration in our child welfare system. What the National Commission proposes and where the States are moving is that we break the lock that the interventionist model has on the child protective services system.

From where we sit, and just to illustrate from the State of Missouri, is that I had a conversation with the Governor which led to his coming out with a call in his State of the State for a restructuring of children's services in the State of Missouri and the key issue that we hung on was: I told him you could give me tens of millions of more dollars; you could put it in and we would be having the same discussion we are having today. The issues would be the same. What I have to do is fundamentally change and restructure the system by which we serve children and youth out there. What I have to do is not coordinate services. We coordinate now, we coordinate fairly well. We need to integrate these services.

To your point about flexibility and funding, I have juvenile court judges in the King Solomon role of deciding are you homeless, dependent, or a neglected child? Should I adjudicate you as delinquent, or because I have got a press on me, on time, should I call you a status offender which puts you in the other system?

Perhaps you are mentally ill and I would suggest to you that you are mentally ill until you punch the therapist and then you are going to be in my juvenile system. The nature of his decision and his adjudication will determine what services you get, what money follows you, and whether you bounce in and out of the system is going to depend on the lack of flexibility I have on that funding.

I believe that, as we restructure services, that family preservation has got to be the centerpiece. It is not another item on my menu for my workers to choose from, it is a change in paradigm. It is what I call a change in the culture out there of our workers.

Because what I am interested in is not reshuffling agencies under a different administrative umbrella. That will happen. What I am interested in is changing the culture of our workers out there who actually deal with these kids. And who are frustrated with the kind of kids that we are getting—not lovable little children who

just need a warm home, but kids who know how to make crack and don't know how to tell their colors apart, kids that we build up on a waiting list.

And one thing I said to the Governor was that there was a popular movie a couple of years ago now, called "Field of Dreams." There is a baseball field built out in the middle of Iowa and the voice that comes out in this movie to Kevin Costner is, "if you build it, they will come."

And if I build beds, they will come. And I have built the beds and I fill them and I have still got a waiting list, and I build more beds and I have still got a waiting list.

We need to change the entire focus of the system to build families instead of trying to replace families. To remove the risk in a situation instead of moving a child out of the situation. We can do it. There is much disagreement between the researchers and the administrators on whether family preservation services really work or not. I don't think that is the issue. I think we have got to push the system in that direction.

Researchers say, well, maybe it was not managed and implemented right. The managers say, well, maybe you did not ask the right research questions. We will debate that for years. Where we need to push is in that cultural shift where the first thing we do, instead of the so-called child protection where we think we have protected the child by removing him or her from that situation—and I would have to tell you in all honesty we are a dismal failure in that regard in terms of actually protecting children in our foster care system. And too many times, we don't do those kids any favors. And we would have been better off trying to work up front with that family and I would suggest to you that fully one-third of the kids that we remove, maybe even half in my State, are unnecessary in the sense that we simply lacked the resources or the effort or the cultural notion to try and keep that family together because we come from an attitude, in my general assembly, often that says, punish those parents. Take away their kids.

I would suggest to you that from a middle-class perspective maybe that is what we think we are doing. I would suggest to you that the family preservation should be the guiding light. And I have a judge in Kansas City who says to me, Gary, the kid's going to die, you are going to make a mistake, the kid's going to die because you left him in a home. I say, I know that, Judge, that will happen. But I can't skew the entire system because kids die in foster care, as well.

We have got to change the system to integrate services, to not allow parents to abdicate their responsibilities to kids, to build the morale and the capability of our workers by helping them to build families instead of trying to replace them.

Thank you. I would be happy to answer any questions.

[The prepared statement follows:]

STATEMENT OF GARY J. STANGLER, DIRECTOR
MISSOURI DEPARTMENT OF SOCIAL SERVICES

Mr. Chairman, thank you for this opportunity to testify today. I am Gary Stangler, Director of the Missouri Department of Social Services. I am here on behalf of the American Public Welfare Association and APWA's National Commission on Child Welfare and Family Preservation. APWA represents the cabinet-level officials in the 50 states responsible for administering publicly funded human services, including the child welfare, foster care, independent living and adoption assistance programs.

Let me begin, Mr. Chairman, by applauding your continued leadership on programs affecting our nation's most vulnerable children and families. Your efforts to draw attention to the critical needs of the sick, disabled, vulnerable elderly, unemployed, abused and neglected—is very much appreciated by those of us charged with the responsibility to operate the programs at the state and local level. We congratulate you for your diligence in the areas of welfare reform, child care, unemployment insurance, and child support enforcement, to name a few. We look forward to working with you as your efforts in the area of child welfare go forward in the 102nd Congress.

This Congress provides an excellent opportunity to make important alterations in the nation's child welfare system. While much of our country's attention has been riveted on the activities in the Persian Gulf, there are important issues that need to be addressed at home. There are important connections between the recession, unemployment, the precipitous rise in AFDC caseloads, the scourge of drugs and alcohol in our nation's cities...and child welfare. The children and families who come to our attention have been touched by any combination of these factors. We believe that what is needed is a comprehensive transformation in the human service systems that serve these families — one that takes into account the complexity and variety of family needs and begins to address these issues in a way that makes sense for children and families. And, it is only in concert with the federal government, private sector, and other major players in our own communities that we can begin to pave the road for a healthy and productive future.

APWA's National Commission on Child Welfare and Family Preservation

Mr. Chairman, my colleagues from other states have testified before you on numerous occasions about the crises confronting vulnerable families and our child welfare systems' response to meeting their needs. It is not my intention to provide you with testimony that speaks only to the problems in child welfare—this we have documented in the Commission's interim report which you have seen previously. In fact, it is the very presence of these statistics in our newspapers every day—the increasing flow of reports of abuse, the continued rise in the number of children in foster care, and the continued plight of children born addicted to crack-cocaine and alcohol—that has prompted the current level of examination into how to reform our institutions' to better respond to these grave conditions.

This examination has taken place at several different levels. Last year, you heard testimony from Gregory Coler, the chair of APWA's National Commission on Child Welfare and Family Preservation. APWA's Commission completed its examination of the child welfare system in January of this year and released its final report, "A Commitment to Change." Drawing on the testimony heard from experts around the country, the Commission recommended new approaches, directions, and investments essential to support the healthy functioning of families.

A New Service Framework for Children and Families

At the core of the Commission's proposal is the notion that a new service framework must be created to support children and families throughout their life cycles. The consensus around the country is that child welfare services are focused on helping families in acute crisis. Yet, these families are threatened by a variety of social problems that are

often beyond the scope of child welfare such as poverty, homelessness, drug and alcohol abuse, and serious physical and mental health difficulties. The only way to stem the tide of families bringing such acute problems to the child welfare system is to make strong community investments—both human and financial—to address the needs of vulnerable families before crises emerge. Creative intervention strategies designed to support the new service framework must also involve other community stakeholders, including mental health, education, health, juvenile justice, business, and the public at large.

The Commission's proposed new service framework consists of three major components. The first, Supporting Families for Healthy Child Development, offers an array of primary prevention programs and services to families in neighborhoods. Locally controlled, the programs would respond to community needs and provide all families with opportunities for healthy growth to prevent the need for more intensive or intrusive interventions. Services offered would be voluntarily selected by families to meet their individual needs and interests and would be available to any family wishing to participate. Services would be nonjudgmental and would build on family strengths and their capacity to meet children's needs. They would be available through community service networks that reflect local needs and interests.

The second component, Assisting Families and Children in Need, is intended to offer assistance to strengthen and preserve families before their problems become severe. Families needing help may be experiencing more than one problem—poverty, unemployment, poor health, homelessness—or they may be suffering emotional or behavioral problems. Assistance would be organized to help the family as a whole with whatever unique sets of difficulties exists. We must get away from the practice of compartmentalizing specific problems—sending families here for medical care, there for housing help, yet another local agency for counseling. The services provided under Component II would provide intake and assessment, referral to service providers, advocacy for service development and interagency coordination, and case management to assure that services are received and needs are met.

It is the services provided under Components I and II, Mr. Chairman, that are desperately lacking today in our federal and state approach to supporting families. Last year, the Commission surveyed child welfare staffing and services across the country to obtain a baseline on what is actually available (Factbook on Child Welfare Services and Staff. American Public Welfare Association, 1990). Of the 40 different child welfare services listed, only three—only three—are available uniformly statewide: child protective services, foster care, and special needs adoptions. Ranking at the bottom of services in terms of availability are intensive home-based services, the preventive services that have been proven effective with troubled families. I will return in a moment to discuss the importance of your proposal to expand the resources available under Title IV-B—introduced last year in H.R. 5020—to support the development of such services.

The third component, Protecting Abused and Neglected Children, is the element that most closely resembles today's public child welfare system. Child protective services is a public responsibility; serving children and families in which serious maltreatment has occurred must remain a public responsibility. To effectively serve these children and families, CPS must be part of a much broader children and family service system and a shared community concern.

To protect children and preserve and strengthen families, a core set of services must be in place, including: family based services to avoid removal of children from families when safety can be assured; out-of-home care services, including emergency shelter, family foster care, group care, relative care, and residential child care; reunification services to prepare the child and family for a return home and to provide after-care support to the family once the child has returned home; adoption services for children who cannot be returned to their families; and long-term out- of-home care for children who can neither return to their families nor be placed for adoption.

It has been our struggle this past decade to attempt to provide a full array of Component II services rather than the limited range of services we now offer. We fully recognize that there will probably always be a need for removal of children from their own homes to protect them from harmful situations, and therefore a range of out-of-home living situations must be available to meet the individual needs of these children. And, in that regard, we must do more to strengthen out-of-home care to assure that weprovide for the healthy medical, physical and emotional development of children. We are, however, opposed to the notion that the removal of children from their families and placements in out-of-home care should be the only or primary service offered. We also reject the notion that the only way families can gain access to supportive services to help them cope with the pressures of raising healthy families is through the "emergency room" door of child protective services.

Reform Efforts in Missouri and other States

Several years ago, welfare reform bubbled up from the states and became part of the national agenda. We are at a similar point now as we build child welfare reform into our national priorities. States are hothouses of innovation, and it is critical that you keep this in mind as you consider the Commission's recommendations. The Commission speaks with the voice of our experience.

In Missouri, Governor John Ashcroft has taken us to the frontier of child and family service delivery. He started in communities, implementing Family Preservation Services through a creative partnership with the Edna McConnell Clark Foundation and Citizens for Missouri's Children. This partnership brings together state agencies, the courts, schools and citizens. It works because it blurs bureaucratic boundaries, empowers communities and frontline workers and helps families accept responsiblity for their lives.

This program is powerful proof that fundamental and long-lasting change is possible for entire human service delivery systems. Governor Ashcroft has charged a special Cabinet Council with extending his vision for children and families. The state departments of Social Services, Mental Health, Health and Public Safety are designing a unified service system that will incorporate family preservation values.

In Missouri and across the nation, this is an idea whose time has come. Economic recession has taken its toll on state revenues. Taxpayers--expecially those who have been furloughed, laid off, or fired--are not quick to support new tax measures, More importantly, states maintain service systems built in simpler times, for simpler ends. The kids who come to us have problems that would confound most adults. There are more of them. The courts that commit them to our custody are understandably frustrated by limited program options and by the children themselves: are they incorrigible, emotionally disturbed or acting out because they have been abused?

Planning for unified child and family services is well under way in Missouri. For my frontline staff, whose pay and working conditions suffer when case loads rise and resources ebb, this offers the only hope of renewal. I have to support them with continuing training and development, because we are doing more than moving boxes on the organizational chart. We are changing cultures. My staff are intimately involved in designing this system; they must own it because, if I cannot sell it to them--if they do not believe that it is good for families and communities--it will fail.

In August, Governor Ashcroft will chair the National Governors' Association. He will bring with him the momentum driving change in Missouri's programs for children and families, and it will be enriched by what we learn from our counterparts in other states. We cannot simply pour more money into a losing proposition. We must do all we can, within our current fiscal framework, to leverage and add value to our assets.

These activities in Missouri are but one example of efforts around the country. In Iowa, the General Assembly passed legislation in 1987 directing the state Department of

Human Services to decategorize funds for several child and family services, including foster care, family-centered services, subsidized adoption, day care, mental health, and juvenile justice. Four counties in the state are currently participating in the decategorization project, and there is a bill currently pending in the legislature to make decategorization optional for any county in the state. While progress has been slow, the ability to fashion solutions to problems experienced at the family level through case plan development has been greatly enhanced. The result has been more effective service integration, a redirection of state child welfare funds into new categories, and the development of cross-category client tracking systems that can be used for feedback on the effectiveness of program interventions.

In Washington State, several state agencies participated in planning sessions with the National Council of Governors' Policy Advisors (CGPA) to develop improved strategies for working with at-risk children. This led to an agreement among agency directors to pursue a coordinated family services delivery initiative. Eleven community forums were held throughout the state to identify barriers to services for at-risk families and to identify initiatives within the community which have successfully coordinated and tailored services to specific community needs. Barriers cited included: lack of agency accountability; inadequate availability of services; variations in definitions, rules, standards and fiscal years; cultural barriers; lack of a unified vision at the state level; and much more. Based on the responses and a review of other relevant studies, five state agencies, in conjunction with community groups, are developing a plan to address these barriers. The purpose of the long term initiative is to fundamentally alter the delivery of services to assure family-focused, culturally relevant, coordinated, and locally planned approaches.

Federal Leadership Needed to Guide Child Welfare Reform Efforts

What I have described illustrates the consensus around the country that the child welfare system is providing too little too late, and a growing awareness about what needs to be done about it. But, I would be remiss in my characterization of these reform efforts if I did not discuss the critical need for federal leadership to guide these activities. Our national policymakers must support state and local capacity to offer the full range of services families need and want. I would like to highlight several areas in which the Commission believes the Federal government must provide leadership in order to make this new perspective on serving families a reality.

The Development of Comprehensive Services

1. Prevention

As mentioned previously, prevention efforts are sorely lacking in the current array of services. Yet, the kinds of activities outlined in the Commission's Component I are those that will help prevent the need for the more intensive, intrusive, and expensive kinds of services. While such prevention activities may not be within the jurisdiction of this committee, the Chairman and members of our Commission hope you will advocate for and encourage attention to the need for these initiatives with your colleagues and HHS.

This year's reauthorization of the Child Abuse Prevention and Treatment Act provides an opportunity to take the first step in this arena by expanding the Child Abuse and Neglect Prevention Grant Program. We will also advocate full funding for the Family Resource and Support Program authorized by the Human Services Reauthorization Act last year.

2. Additional Resources under Title IV-B

I wish to commend you, Mr. Chairman for your proposal to add significant resources to Title IV-B in the form of a capped entitlement to provide statewide child welfare services, particularly preplacement, reunification and after care services. As you know, funding for Title IV-B has never fulfilled the promise of P.L. 96-272, the Child Welfare and Adoption Assistance Act of 1980, to help states prevent the placement of children into foster care and reduce their length of stay. While we were able to move in that direction in the first half of the 1980's, foster care placements then began to rise precipitously. From 1986 to 1989, for example, out-of-home placements increased by 28.6 percent.

The availability of additional resources under Title IV-B will allow states to address the severe crisis in service availability and help shift the focus from reliance on the more intrusive forms of intervention to a concentration on putting out the sparks before the fire begins. And, recognizing that some children will still require out-of-home care for their protection, it will provide the infusion of funds necessary to ensure that reunification and after care services help family members adjust to new ways of interacting with each other. Because reunification is not always possible, these funds can be used to help place children in permanent living situations, including adoption or, where appropriate, long term foster care and independent living.

As you consider legislation this session, we hope that definitions of services, such as family preservation and preplacement preventive services, are construed broadly and take into account variations in models and service organization. With regard to family preservation programs around the country, there is consensus that no one model can fit all jurisdictions, even within one state or county. And, the constellation of services appropriate for one family may not be appropriate for another. It is critical that every jurisdiction go through its own process, as we have in Missouri, to articulate the best model of services for its clients.

3. Need for Coordination

Service Integration

I have described the barriers to coordination that exist at the state level and how several states are addressing these barriers. In order to access the full range of services for our child welfare clients, it is imperative as well that the federal government carefully examine the barriers that are created through its funding streams. Congress and HHS should look at programs in the areas of AFDC, JOBS, child support enforcement, food stamps, maternal and child health, substance abuse treatment, and much more to see how restrictions on the use of these dollars can be lifted for better delivery of services. We hope that legislation reported by this committee will include provisions and funding that allow state agencies to use administrative dollars or request waivers to provide these family-focused, cross system services.

Coordination Across Congressional Committees

In its discussions about legislative options available to support an array of child welfare and supportive services, the APWA Commission was often frustrated by divisions at the federal level between the child welfare system—characterized by Title IV-E and Title IV-B—and the child protective service system, supported by the Child Abuse Prevention and Treatment Act. This arbitrary division is evident in the congressional committees structure, in that foster care and adoption are addressed by the Ways and Means Committee and the Child Abuse Prevention and Treatment Act is handled by Education and Labor Committee. It is also evident in HHS, where efforts of the National Center on

Child Abuse and Neglect and the Children's Bureau are often distinct and uncoordinated. This arbitrary division is not useful when it comes to administering the programs in the states and localities. Nationwide, 70 to 75 percent of the children who are in out-of-home placements come from the child protective service system for reasons of protection or parental condition.

As ACYF Commissioner Wade Horn wrote in a recent paper, "This view has led to an unnecessary division between these two systems, when, in fact, they should be working in concert with each other. Both in policy and practice, systems to prevent and treat child abuse and neglect should be fully integrated with systems to care for children in need of out-of-home placement in order to allow for meaningful efforts both to prevent unnecessary out-of-home placements and to facilitate reunification following a period of separation from the family of origin." Thus, coordination as envisioned by the Commission's proposal involves not only coordinating with agencies outside the child welfare system, but between agencies providing a range of child welfare activities.

Automated Reporting Systems

To understand the effects of federal policy on our interventions and to design our services in a way that makes sense for our clients, we need a better system for reporting data about the children and families we serve. As you are aware, Mr. Chairman, Section 479 of the Social Security Act directed the Secretary of the Department of Health and Human Services to establish a mandatory reporting system for adoption and foster care. The legislation called for final regulations to be released on December 1, 1988, yet the Notice of Proposed Rulemaking (NPRM) for that system was not released until September 27, 1990. The legislation calls for the system to be fully implemented by October 1, 1991; yet, at a recent APWA meeting, an HHS official stated that the final regulations will most likely not be available by this deadline.

The states are anxious to begin implementation of the federal reporting system. The proposed rules, however, leave us uncertain how this system will meet its intended goal: to provide us with uniform, national data as a basis for policy making. First, the data elements to be collected far exceed what has been recommended by the Advisory Board that was set up to make recommendations on the design of the system. Many of the items being suggested are "nice to know" while others are essential. We firmly believe that the "nice to know" items will only increase worker burden and diverts staff away from time spent actively monitoring cases. There comes a point when the sheer volume of data to be collected hits a point of diminishing returns in terms of its utility and the time and resources spent collecting and analyzing it. Further, some items suggested in the NPRM will require statutory changes at the state level, while others, such as the requirement to collect data on adoption assistance agreements dating back to 1983, will require huge investments in staff time and resources.

We strongly support legislation, such as the provision in H.R. 5020 that would provide a 90 percent enhanced federal match for the development and installation of the automated reporting system and hope Congress will include a provision for a 50 percent match for on-going costs of the system. This is equivalent to the amount of federal funding provided for similar reporting systems, such as child support enforcement, Medicaid, and JOBS, and without this funding, states face the prospect of having to divert dollars from service expansion in order to pay for the system. This is despite the fact that the legislation specifically mentioned that funds used for the systems should not be diverted from services. We also encourage the subcommittee to make this funding available for up to three years after the issuance of final regulations, allowing states to implement the program based on final regulations, not the NPRM.

Ironically, though the need for data is great, the federal government has indicated a willingness to provide only 50 percent in match for data collected on Title IV-E eligible

children. Since only 40 percent of the children nationwide are Title IV-E eligible, the federal contribution thus amounts to only 20 percent.

APWA has convened a task force to review and comment on the NPRM. In these comments, the task force offered to work with the Children's Bureau toward the development of final regulations that will yield the type of automated reporting system that will fit everyone's needs, including HHS, the states, Congress, policymakers and academics. The department has agreed to work with the states and has asked them to respond to the options that will be developed around several issues. We hope this working relationship will result in final regulations that are less onerous and provide a greater federal investment in the development of the system..

It is important to note that several states are moving toward the development of automated reporting systems that track children and families from the point of intake into the child protective services system through the foster care system. The Florida Department of Health and Rehabilitative Services has been one of the leading states in this area. The National Center on Child Abuse and Neglect (NCCAN) is currently developing a voluntary reporting system for the collection of data on child abuse and neglect. It is imperative that these efforts are coordinated with the systems for collecting data on foster care and adoption. The states are concerned about the separate tracks on which these systems are moving. We strongly urge the different Congressional committees that have jurisdiction over these issues to work with the Children's Bureau and NCCAN to encourage coordination between these two systems.

The Research Agenda in Child Welfare

The lack of adequate data in foster care, adoption, and child abuse and neglect is also characteristic of the research needs for child welfare. There has been a dearth of good research, both applied and experimental, on the effects of services on clients, which interventions work and which do not, the causes and effects of child neglect, and the human resources needed to work effectively with children and families. As states experiment with innovative service interventions, it is critical that we have a forum to conduct and share research that can help improve outcomes.

The federal government must lead in encouraging, funding, monitoring, and disseminating research of this nature. The federal departments with oversight for these programs have been greatly remiss in this regards. We encourage you and your colleagues in Congress to reinvigorate the research agenda by establishing a National Institute on Children and Families (NICAF), similar to the national institutes that support research for aging issues and drug and alcohol abuse. The mission of the institute should be broadly defined to examine the full range of issues affecting children and families and should, at a minimum, bring foster care, adoption, and child abuse and neglect research under one umbrella.

The Need for Fair Federal Financial Participation

Title IV-E Administrative Costs

I would like to draw your attention to another issue, Mr. Chairman, that has been a continued source of frustration and tension between the states and the federal government—Title IV-E administrative costs. Over the years, there has been a consistent attempt to cap these costs because of their growth since the passage of P.L. 96-272. And now, in a new twist in a continuing saga, there is a proposal pending in the President's budget to preclude preplacement services as reimbursable under the Title IV-E administrative cost category. It is ironic that one of the core protections established in P.L. 96-

272, to provide preplacement preventive services to prevent the need for out of home placements, is no longer seen as an important mandate for the federal government to fund.

We once again urge your assistance in helping us maintain the integrity of this source of funding. We have testified before you on several occasions about the legitimacy of the growth in Title IV-E administrative costs. The 1987 HHS Inspector General's report is clear that states are not claiming federal reimbursement for anything other than legitimate costs. As you are aware, the escalation in these costs is due to the time it took states to set up their systems to capture these costs, years in which there was confusion and inadequate information from HHS as to what expenses were reimbursable.

In fact, it is the states, not the federal government, who are investing in the lion's share of child welfare services across the country. For example, Title IV-E serves about 40 percent of the children in foster care, meaning that states not only match this federal contribution dollar for dollar, but cover the full costs for the remaining 60 percent of the children in care. In addition, federal funding in the area of child protective services amounts to a mere $59 million, despite the real world mandate that states must respond to 2.5 million reports of abuse and neglect a year.

An examination of federal contributions for all child welfare services reveals that the federal government contributes about 42 percent of total funding today. Of this 42 percent, 4 percent comes from Title IV-B, 12 percent from Title IV-E, and 20 percent from other federal sources, including Title XX. It is states and localities—not the federal government—who are the major investors in child welfare services and are carrying out to the fullest extent possible both the spirit and intent of P.L. 96-272.

We are grateful, Mr. Chairman, for the provision in H.R. 5020 that would clarify administrative costs and break them out into child placement services and administration. While the provision in OBRA 90 that amended Title IV-E to specifically add child placement services as activities for which the states are entitled to receive administrative reimbursement set the public record straight about the fact that foster care administration is more than just overhead, a clear separation of these functions is critical in order to erase the confusion that persists. We also recommend that the provision to cap typical costs at inflation also take into account the possibility of increases in state substitute care population.

Conclusion

The time has come for change. Each day, more and more families struggle and strain and finally break under the pressures of simply getting by. Sometimes the final straw is a lost job or a sick child; sometimes it is alcohol or crack-cocaine. Whatever the cause, these families collapse, threatening themselves, their children, and ultimately, society.

The states have become laboratories of innovation in response to this crisis. The efforts around the country to develop an array of comprehensive children and family services, to span the boundaries of human services systems and beyond, and to provide preventive services that respond to children and family needs before they are in crisis hold promise for a new perspective on the way we serve families. We look forward to joining with the federal government as one of several key players in this unstinting commitment to families.

Mr. ANDREWS. Thank you, Mr. Stangler.

Mr. Peter Walsh is the director of the Bureau of Child and Family Services of the Maine Department of Human Services.

Mr. Walsh.

STATEMENT OF PETER WALSH, NATIONAL GOVERNORS' ASSOCIATION; AND DIRECTOR, BUREAU OF CHILD AND FAMILY SERVICES, MAINE DEPARTMENT OF SOCIAL SERVICES

Mr. WALSH. Thank you, very much, Congressman Andrews and Congresswoman Johnson and thank you for allowing me the opportunity to testify on behalf of the National Governor's Association to discuss the state of the Nation's child welfare system.

Governor John McKernan, of Maine, chairs the National Governor's Association on Human Resources as well as the Child Welfare Work Group. In this capacity he has, along with other Governors, examined the current problems and trends in the Nation's child welfare system. I also want to commend this subcommittee for your efforts to improve the national child welfare system. I also want to acknowledge and commend Commissioner Horn for his efforts at getting out to the States to see exactly what is happening at the local level. He spent a week in Maine and I am sure that besides getting a nice big lobster he learned a lot about our local child welfare system.

The child welfare system in America serves America's most vulnerable children and families. I have been involved with the system for the past 13 years in Maine and I am more and more convinced that the measure of how well we serve our abused, neglected and foster children and their families is the reflection of the degree to which we can measure ourselves as a caring and compassionate society. Because the kids and families we serve come to it as a last resort after other measures have failed.

State child protection and foster care agencies serve the children and families who have nowhere else to go. We have talked and other panel members have talked about the serious social and economic problems that are facing America's children and families today. These societal problems are placing a phenomenal strain on families, which erodes their ability to care for their children. And because of these trends, more and more families are flooding social services and child welfare agencies and too many kids end up in costly State care because of abuse or neglect or other unmet needs.

Public and private agencies in my State that care for troubled families and children are overwhelmed by the demands placed on them. We believe that unless this Nation takes action to address these problems with a major new effort, systems that are already stretched too thin will continue to be unable to serve the growing numbers of children and families who need help. However, if we can change the current system to assure that support is provided when the problems first appear, this will help to reduce the number of children who are abused and neglected and help us better meet the special needs of those who require substitute care.

So, I agree with the other panelists—we need to change the child welfare system so that assistance is given to children and families the first time they reach out for help. Family support must begin

with prevention and early intervention services, and then continue through protective, intensive crisis intervention to preserve the family unit.

States are facing many barriers in achieving this continuum of service. And they include, first, that we do not have adequate resources. The number of people seeking help from child protective services is increasing dramatically in the Nation. In Maine, in 1982, 16,000 children were referred to child protective services. In 1990, that figure had more than doubled to 36,500. And our present child welfare system is not able to respond to these rising number of troubled children and families in need of help.

Also, Federal funding has failed to keep pace with the escalating caseloads and the complex needs of the families in these caseloads. This year, in Maine, we will spend $31.5 million of the State for protective services and foster care. The total amount of Federal funds for these services including title IV–E, title IV–B and title XX is $11.8 million.

Maine increased its contribution from $19.6 million in 1986 to $31.4 million in 1991. The Federal contribution went from $7.6 million in 1986, to $11.8 million in 1991. These figures are reflected nationally. Nearly 60 percent of child welfare expenditures come from States.

The Nation's Governors also support efforts to establish flexible financing approaches to maximize the effectiveness of funds. Although the intent of Public Law 96–272 is to focus on prevention and family preservation, most of the funds are targeted for services to kids that are already in foster care. States have not been able to meet the demand for critical early intervention services such as family preservation.

If the program goals of the law are to be realized, funds must be made available for these critical needs before children are placed in foster care. While States can use title IV–B funds for this purpose, the needs for these services far exceeds the program's limited resources. In Maine, IV–B represents one-fortieth of our total child welfare expenditures.

Last year in Maine, more than 36,500 children were referred to child protective services. Of this number, the Department screened out, we did not do anything on 20,000 of those children because the referrals did not contain specific allegations of abuse and neglect and because we did not have sufficient staff. This briefcase represents one month's screen-outs from a small office on the seacoast in Maine. It is extremely painful to read. It involves family conflict problems, divorce-custody battles, situations involving poverty and substance abuse, runaway children and other types of emotional and minor physical abuse where we did nothing except make a referral possible.

These numbers indicate that the current child welfare system is not functioning adequately.

A couple of other barriers include the need for an integrated approach. Families and children in need of child welfare services have multiple needs and problems, including poverty, unemployment, homelessness, inadequate health care and substance abuse.

And as the previous panelists have said, we need to establish integrated systems of pulling all of these programs together at the State and local level so that families can be better served.

We also need to to take steps to resolve the issue of title IV-E back claims owed to the States and to resolve this issue in the future. Although Congress enacted IV-E as an entitlement program, legislative language in the appropriations bill requires an annual appropriation be made to fund the programs. The Governors support changing the IV-E entitlement program to be forward funded similar to other entitlement programs such as AFDC and Medicaid.

Finally, the Governors are also concerned with proposals to cap title IV-E administrative expenses. Administrative costs need to be protected since they cover such critical activities as referral to services, placement in foster care, case reviews, and case management and preparation and participation in judicial determinations.

A cap on IV-E administrative costs, as presently defined, will put a cap on preplacement expenses and seriously undermine State's abilities to implement programs effectively at the State level.

If these administrative dollars are cut, States will be forced to shift scarce State dollars from prevention and early intervention to pay for expensive treatment services.

Thank you, very much, Congressman Andrews, and the Nation's Governors stand ready to work with you and members of the committee. I would be pleased to respond to any questions. Thank you.

[The prepared statement follows:]

STATEMENT OF PETER WALSH
NATIONAL GOVERNORS' ASSOCIATION

Good morning Mr. Chairman and members of the Committee. Thank you for the opportunity to testify today on behalf of the National Governors' Association to discuss the state of the nation's child welfare system. I am Peter Walsh, the Director of the Bureau of Child and Family Services with the Maine Department of Human Services. My Governor, Governor John McKernan of Maine chairs the National Governors' Association Committee on Human Resources as well as the Child Welfare Work Group. In this capacity he, with other Governors, has examined the current problems and trends in the nation's child welfare system.

I want to commend you Chairman Downey, and the other members of your subcommittee for your efforts to improve the national child welfare system. This system serves America's most vulnerable children and their families. I have been involved with the child welfare program in Maine for the past thirteen years. I am more and more convinced that the measure of how well we serve our abused, neglected, and foster children and their families is a reflection of the degree to which we can measure ourselves as a caring and compassionate society.

The children and families served by the child welfare system often come to it as a last resort after other measures have failed. State child protection and foster care agencies serve the children and families that have nowhere else to go.

Vulnerable Families and Children in Need

Social and economic pressures are mounting for many of America's families and children. There are increasing numbers of single-parent households, families where both parents are working, and more and more families living on the margins of economic security. The increasing number of children living in poverty in America is startling. And more families and children are vulnerable to the effects of AIDS, drugs, and alcohol abuse.

These societal problems place a phenomenal amount of strain on families, which can erode their ability to provide for their children. Because of these trends, more and more families and children are flooding social service and child welfare agencies. Too many of these children end up in costly state care because of abuse, neglect, or unmet physical or emotional needs, or because their families are no longer able to cope with poverty-related stresses.

The public and private agencies that care for troubled families and children are already overwhelmed by the demands placed on them. Unless this nation takes action to address these problems with a major new effort, systems that are already stretched too thin will continue to be unable to adequately serve the growing numbers of children and families that need help, placing them at even greater risk. However if we can change the current system to assure that support is provided when problems first appear, this will help reduce the number of children who are abused and neglected, and help us better meet the special needs of those who require substitute care. We know what needs to be done. We need the will and the resources to do it.

Policy Goals

We need to change the child welfare system so that assistance is given to children and families the first time they reach out for help. There should be a continuum of services so that at any level in the system the child and his or her family can receive the services they need. This can include any of a range of services from family counseling to out-of-home care. The system should look for the best possible solution for each individual child and family.

Family supports must begin with preventive and early intervention services to strengthen family functioning, then continue through protective services and intensive crisis intervention to preserve

the family unit. It should include a wide range of placement and treatment services for children in out-of-home care when that is essential. At every stage, families' needs and childrens' needs, not arbitrary funding streams or administrative categories, must determine the help they receive.

States are facing many barriers in achieving this continuum of services. They include:

Inadequate Resources to Address the Problem. The child welfare system is overwhelmed. Along with almost every state in the nation, Maine has a backlog of children in the system who are not being served.

Last year, Maine only had enough resources to provide services to 7,500 (or one-fifth) of the more than 36,500 children referred. This has led to a serious situation where at-risk children who should have been removed from their homes were not. There are simply not enough funds or services to meet the needs of these children and their families.

Resources Are Not Targeted to Meet Policy Goals. Although the intent of the Child Welfare and Adoption Assistance Act is to focus on prevention and family preservation, the majority of IV-E funds are targeted for services to children in out-of-home ca[illegible] If more resources were targeted for activities such as pr[illegible]ntion, at-risk children could be served earlier in the pr[illegible]ess. This would reap positive benefits for children and fa[illegible]ies, and result in more cost-effective use of resources.

Lac, of Coordination with Other Service Systems. Child welfare agencies encounter many barriers in trying to access services from other agencies. Many times these other agencies--such as those concerned with housing, mental health, and education--do not have adequate resources to meet the needs of children and families in the child welfare system. There also are barriers to interagency coordination due to statutes and regulations with conflicting requirements.

Need to Increase Programs' Effectiveness. Two major issues need to be resolved that affect states' abilities to run the program effectively. They include the Title IV-E backclaims owed to states and the proposals to cap Title IV-E administrative expenses.

Developing Adequate Resources

The numbers of people seeking help from child protective services is increasing dramatically in the nation. For example, in Maine in 1982 16,000 children were referred to child protective services. In 1990 that figure had more than doubled to 36,500.

The present child welfare system is ill-equipped to respond effectively to the rising number of troubled children and families in need of help. All too frequently the system operates in a crisis mode. Federal funding has failed to keep pace with escalating caseloads and the complex needs of the families in these caseloads. Across the nation, the results are alarming. Reports of child abuse and neglect continue to rise. Placements into out-of-home care are increasing. And the number of cocaine-addicted children and other children with special needs entering the child welfare system is rapidly rising. To achieve the objective of an improved child welfare system, adequate federal support is needed.

This year in Maine we will spend $31.5 million state dollars for protective services and foster care. The total amount of federal funds for these services, including IV-E, IV-B and Title XX (Social Services Block Grant), is $11.8 million. Maine increased its contribution from $19.6 million in 1986 to $31.4 million in 1991. The federal contribution went from $7.6 million in 1986 to $11.8 million in 1991. These figures are reflected nationally. Nearly 60 percent of child welfare expenditures come from states.

Targeting Resources to Meet Policy Goals

The nation's Governors support efforts to establish flexible financing approaches to maximize the effectiveness of funds. Although the intent of the law (P.L. 96-272) is to focus on prevention and family preservation, the majority of funds under Title IV-E are targeted for services to children already in foster care. States have not been able to meet the demand for such critical early intervention services such as prevention and family support services.

If the program goals of prevention and family preservation are to be realized, funds must be available for these critical needs before children are placed in foster care. While states can use IV-B funds for this purpose, the need for these services far exceeds the program's limited resources. The proposal outlined in Congressman Downey's child welfare bill last year to convert Title IV-B funds from an authorization to a capped entitlement would make a critical difference in addressing this problem.

The program's lack of resources and inadequate targeting has caused many detrimental results. States have reported that lack of sufficient funding for rehabilitation and reunification results in lengthy foster care stays; failure to provide adequate treatment services results in the recurrence of abuse; and caseworkers are often forced to place children in foster care due to lack of funds for family support services.

Last year in Maine more than 36,500 children were referred to Child Protective Services because someone suspected that they were being abused or neglected. Of this number the Department "screened out" more than 20,000 of these children because the referrals did not contain specific allegations of abuse or neglect. The problems presented included family conflict situations, divorce custody battles, situations involving poverty or substance abuse, runaway children, and other types of emotional and minor physical abuse.

These numbers indicate that the current child welfare system is not functioning adequately. Although it would have helped prevent their problems from escalating, our department did not have the resources to take any action on these 20,000 cases.

The federal financial incentives driving the provision of child welfare services should be better focused to target family preservation and prevention activities. States need to be able to provide or purchase services to help prevent children from entering foster care. These early intervention programs can include counseling, homebuilders, transportation to services, mediation and parent aides. While there are always some children who will need to be placed in out-of-home care, the majority of children will not.

An Integrated Approach: Coordination with Other Service Systems

Families and children in need of child welfare services have multiple needs and problems. The problems include poverty, unemployment, homelessness, inadequate health care, and substance abuse. Resources should support states in building a unified continuum of services for vulnerable children and families. Without this continuum, even if one problem a child has is solved the others will still need to be addressed.

Interagency collaboration on the federal, state, and local levels is critical to ensuring that these families receive all necessary services. To improve service delivery, states have begun to focus on methods to promote interagency collaboration among the child welfare, public health, mental health, substance abuse, developmental disabilities, housing, education, employment, income maintenance, and juvenile justice systems.

However, there are several barriers to coordination that must be overcome. Programs have different eligibility criteria, varied program demands, and separate administrative and quality control mechanisms. Further, children and families in need of child welfare services often are not able to access other services due to

inadequate funding. Services such as mental health care and housing have long waiting lists in many states across the country, and children and families receiving child welfare services are not a priority.

Policies and programs must be developed at all levels of government with assistance from the private sector to ensure a continuum of services. This may include developing flexible financing strategies, providing waivers, pooling resources, integrating specific administrative and service delivery functions, and expanding voluntary community efforts. For example, designating a portion of funds in other service systems specifically earmarked for the child welfare population would help address this issue.

Increasing Program Effectiveness

Backclaims. Steps need to be taken to resolve the issue of Title IV-E backclaims owed to states, and to resolve this issue in the future. Although Congress enacted Title IV-E as an entitlement program, legislative language in the appropriations bill requires that annual appropriations be made to fund the program. The Department of Health and Human Services has consistently underestimated the costs of the program in its budget requests to Congress. This budgetary practice has resulted in huge shortfalls to states, which have had to carry the costs of the federal share of the program. At one point in 1989, states were owed as much as $800 million for undisputed, prior-year IV-E claims.

The Governors support changing the Title IV-E entitlement program to be forward funded, similar to other entitlement programs such as AFDC and Medicaid.

Administrative Expenses. The Governors also are concerned with proposals to cap Title IV-E administrative expenses. The Administration has proposed capping Title IV-E administrative costs for preplacement activities in this year's budget. Administrative costs need to be protected since they cover such critical activities as referral to services, placement in foster care, case reviews, case management, and licensing of foster homes and institutions, and preparation for and participation in judicial determinations.

A cap on Title IV-E administrative or preplacement expenses will seriously undermine states' ability to implement the program effectively and provide important protections to children who enter the state's child welfare system, especially when the number of children entering the system is increasing. If administrative dollars are cut, states will be forced to shift scarce state dollars--dollars that will most likely come from early intervention or prevention programs--to pay for these essential services.

Thank you, Mr. Chairman, for hearing the nation's Governors concerns on the child welfare system. We stand ready to work with you, and members of this Committee. I would be pleased to respond to any questions.

Mr. ANDREWS. Thank you, Mr. Walsh.

Our last witness on this panel is MaryLee Allen, the director of the Child Welfare and Mental Health of the Children's Defense Fund.

Ms. Allen.

STATEMENT OF MARYLEE ALLEN, DIRECTOR, CHILD WELFARE AND MENTAL HEALTH, CHILDREN'S DEFENSE FUND

Ms. ALLEN. Thank you, Representative Andrews.

The Children's Defense Fund appreciates the opportunity to appear before you today to talk not only about some of the challenges facing the system, but also some of the important steps that we feel Congress can take to help alleviate the crises confronting children and families.

It was actually over a dozen years ago that the Children's Defense Fund first appeared before the subcommittee to share its concerns about child welfare. Thanks to the subcommittee's leadership, significant gains have been made since that time. We have also seen some significant backsliding though as broader societal reforms have burdened an already beleagured child welfare system. However, I hate to think where we would be today if some of the steps that had been taken in the past had not been taken.

The extent of the the crisis facing child welfare is clear as we already have heard from many previous witnesses. What I would like to do in my brief time this morning is share some of the opportunities that CDF believes the crisis offers for important Federal leadership in child welfare.

Before doing that, however, I would like to spend just a minute on the framework in which new steps forward will be taken, Public Law 96-272, the Adoption Assistance and Child Welfare Act of 1980.

The framework of protections that was established in 96-272 was intended to ensure attention to the individual needs of children and families who are either at risk of placement or already in care in the system. When you look at the reasonable effort requirement, which we already have heard talked about, requirements for case plans, and requirements for case reviews, it is critically important to keep in mind that such requirements were instituted to allow the system to look in detail at the individual needs of children and families.

I mention this because as we talk about the increasing needs of children entering the child welfare system I want to caution us not to forget about the constant need to keep a focus on the individual needs and differences of those children and families. We don't want to find ourselves, as we talk about drug-involved infants and drug-involved families, in the same situation we were in a decade ago when we heard horror stories about children being labeled unadoptable and stuck in the foster care system.

So as a background and as a context, as we look forward to additional reforms, I want to reemphasize the need to keep this focus on the individual needs of children and families.

The framework of Public Law 96-272, in our view, is sound. But it is a skeleton with little flesh and almost no muscle. It has not

been adequately nourished and as a result is underdeveloped. It has yet to reach its full potential.

The need for expanded resources and new service directions is critical. But at the same time, discipline must be restored as we look ahead to implementation of this important Federal framework. As the subcommittee begins to take some significant steps forward, such as those that were incorporated last year in the Family Preservation Act, and to begin to craft even broader reforms which the Children's Defense Fund believes are necessary if we are going to see real improvements for children and families, there are a number of themes that CDF believes it is important to keep in mind. I would just like to touch upon several of those.

The first is that the growing crisis in child welfare will not abate until efforts are made to support families adequately in order that they can better care for their own children. Entitlement funding is obviously needed. Commissioner Horn mentioned earlier this morning that administrative costs cannot be used for services, and therefore, it is critical that we look at some open-ended funding in that area.

I think it is important, however, that when we look at funding for preventive services, and family preservation services specifically, that we recognize that such expenditures are also important in helping to ensure that we better use out-of-home care dollars for those children who really need to be there.

Second, it is critically important that it can't be an either/or. We need expanded funding at the front end, but we also need to look at the quality of out-of-home care that the Federal Government is providing with the dollars that it is already putting forward.

Third, in assessing what more could be done, we believe steps must be taken to maximize the benefits from some of the reforms that already have been put in place. There are a number of second tier activities ready to be implemented. These should build upon improvements you have already made in independent living; the work that has been done on behalf of the adoption of special needs children; and the attention you have given to the basic health and education needs of children in foster care.

Fourth, there is also a need for some time limited emergency assistance in a couple of critical areas. Among the most critical is one that I know you, personally, are very sensitive to in your State of Texas, and that is the staffing crisis. It is a serious problem that resources are not available to States to help recruit and retain staff. But yet, it is those staff who we will expect to make the difference for children as we move into new program areas.

Fifth, we also hope that you will consider using the lure of the Federal carrot to enhance the service integration that some of the previous witnesses talked about this morning. Perhaps Federal dollars should only be provided to States where more than one agency is involved in operating, staffing, and funding a particular service initiative.

And, finally, there has been a lot of talk about increased flexibility. The Children's Defense Fund supports demonstration efforts to give a select number of States that have made some program advances the opportunity to use funds more flexibly provided that critical protections for children are in place. However, I add a cau-

tion here. Given the increased fiscal pressures that are facing States, we are very concerned that if those demonstrations are not carefully crafted that flexible funding may well mean business as usual, rather than important protections and improvements for children and families.

CDF realizes that you hold in your hands numerous possibilities for addressing the crises facing children and families across the country. There are significant opportunities here and we look forward to continuing to work with you to see that those opportunities are taken advantage of.

Thank you, very much.

[The prepared statement follows:]

STATEMENT OF MARYLEE ALLEN, DIRECTOR
CHILD WELFARE AND MENTAL HEALTH, CHILDREN'S DEFENSE FUND

Chairman Downey, members of the Subcommittee, I am MaryLee Allen, Director of Child Welfare and Mental Health at the Children's Defense Fund (CDF). I appreciate being invited to appear before you today on behalf of CDF to discuss with you the challenges facing our nation's child welfare system, and some areas for federal reform that we believe it is essential for Congress to address in order to help alleviate the crises confronting hundreds of thousands of children and families across the country and the child-serving systems charged with meeting their needs.

It was over a dozen years ago that CDF first appeared before the Subcommittee to share its concerns about the nation's child welfare system. Since that time we have seen important advances, but some significant backsliding as well as larger societal problems have overwhelmed an already beleaguered system. Your leadership and that of the Subcommittee has been persistent and important. I hate to think where we would be today without it. But many of us who know the system well believe that things have never been worse. Indeed there is a crisis in child welfare -- one that has left few communities untouched. But CDF believes that there are also opportunities in this crisis.

In order to set the stage for my discussion of the problems plaguing child welfare today, and the help needed from you to address those problems, I would like to begin by sharing very briefly some background on the federal framework for child welfare reform that was enacted by Congress in 1980 -- the Adoption Assistance and Child Welfare Act (P.L. 96-272). As we consider improvements at the federal level that will help vulnerable children and families and the systems charged with assisting them, I believe it is particularly important that we have a clear sense of the context in which we are working. Too often there are efforts to jump forward to fix things, before there is a clear understanding of what it is that is broken.

The Current Federal Framework

Public Law 96-272, the Adoption Assistance and Child Welfare Act, was enacted in 1980 after over four years of exploration by the Congress of problems affecting children who were at risk of placement or already in out-of-home care and their families. Findings from a major study conducted about that time by CDF, Children Without Homes, provide a useful outline of the types of problems that were brought to the attention of the Congress:

- Families didn't count. A pervasive anti-family bias often shaped decisions about children at risk of removal or in out-of-home care at all points in the placement process. Children were separated from their families without first exploring more appropriate alternatives. Children were not placed in the most family-like settings appropriate to their needs. Efforts were not made to return children home, or to find them new permanent families through adoption when appropriate.

- Children didn't count. Children in many cases were victims of gross public neglect. Little was known about who was in care and why, where they were or how long they had been there. Case planning and periodic reviews were virtually non-existent. Little attention was given to the individual needs of the children.

- Federal policies and programs acted as disincentives to the development of strong programs to preserve families or ensure children adoptive families. Federal protections for children at risk of removal or out of their homes were uneven. Federal funding patterns encouraged the placement of children in foster care, and discouraged efforts to provide appropriate alternatives at the front end or to return children home or to move them toward adoption. Federal reimbursement was available for out-of-home care, but not to assist with adoption subsidies for special needs children who could not return to their families.

The program and policy improvements enacted in 1980, with broad bipartisan support, were intended to address many of these problems. Very briefly, the Adoption Assistance and Child Welfare Act addressed the fiscal disincentives by offering federal assistance not only for foster care for certain eligible children, but for help with adoption assistance for those children as well, and both groups of children were assured Medicaid. A significantly increased authorization for the Title IV-B Child Welfare Services Program was intended to provide increased funds to develop the services necessary to help ensure that children did not enter foster care unnecessarily or linger there indefinitely. States were also allowed the flexibility to use unused foster care funds for a range of child welfare services. The importance of these services was well recognized by this Subcommittee. As some of you may remember, during consideration of P.L. 96-272, the full Ways and Mean Committee twice (and the full House of Representatives once) made the Title IV-B Child Welfare Services Program an entitlement.

Congress also included a number of procedural and substantive protections in P.L. 96-272. These were included to ensure that the individual needs of children and families would be recognized and services provided to appropriately meet those needs. In order to address the anti-family bias, Congress required that reasonable efforts be made to prevent family separation in cases where a child would not be endangered by doing so, and to seek reunification once a child was in care. The law also required that each child in care have a case plan that addressed the appropriateness of the placement, and that was reviewed at least every six months (but could be reviewed more frequently as appropriate). A child also had to be provided a dispositional or permanency planning hearing within 18 months of placement to check up to see whether the child would be returning home, or whether plans for adoption or other permanent arrangements should be made. Again it is important to emphasize that this hearing could be provided much earlier if appropriate in an individual case.

Generally the framework of protections established in P.L. 96-272 sought to ensure that individual children who were entering the foster care system or were already in care were protected and their needs served appropriately. Congress had heard repeatedly during the course of its consideration of the legislation about the harms that can occur to children when their individual needs are set aside and actions on their behalf are based instead upon labels or gross generalizations about their needs. I remember well the horror members of Congress expressed upon hearing about the large number of children who were lingering in foster care without permanent families because someone had labeled them "unadoptable."

Virtually all of the protections in P.L. 96-272 are intended to be applied to address the special needs of individual children and families. What constitutes reasonable efforts to prevent placement or to reunify for one child may not for another. Similary the restrictiveness of a placement is to be defined in terms of the special needs of a particular child. Although each child is required to have a case plan and to have it reviewed periodically, its specific contents and the frequency of the reviews will obviously vary depending on the individual child and family's circumstances. What constitutes permanency will also vary in accordance with a child's needs.

It is the basic framework of P.L. 96-272, and the protections and assurances it provides for considering the individual needs of a child and family, that we must hang on to as we move forward to look at the challenges facing the child welfare system today and the changes that are needed.

Families and Systems in Crisis

Throughout the country there are reports of a child welfare system under siege. In many cases, already struggling child welfare systems that were just beginning to try to adjust to the redesigns in P.L. 96-272 early in the first half of the 1980's were suddenly overwhelmed by the impact of growing child poverty,

increasing numbers of births to unmarried teens, growing homelessness, significant increases in child abuse and neglect reports, and in some communities the epidemic of crack cocaine and the deadly threat of AIDS.

Burgeoning Out-of-Home Care Caseloads

The child welfare system is being besieged by increasing numbers of families in crisis and growing out-of-home care caseloads. The increases in child abuse and neglect reports in communities and states across the country have imposed significantly increased demands on child welfare systems. An estimated 2.4 million children were reported abused and neglected in 1989, a 10 percent increase over the previous year, and a 147 percent increase since 1979. The increase in reports in part is linked directly to increases in substance abuse, but the National Committee for Prevention of Child Abuse, which conducts the annual child abuse survey, reports that state respondents also link poverty, lack of medical care, housing problems and domestic violence to the increases in reports of maltreatment. Generally, neglect cases represent over half of all reports. In order to even try to respond in an appropriate and timely fashion to escalating reports, already scarce agency resources often are shifted to intake and investigation, and away from services to children at home or children in placement.

The overload on the child welfare system is perhaps best illustrated by burgeoning out-of-home caseloads. The American Public Welfare Association (APWA) estimates that 360,000 children were in the custody of the child welfare system and in out-of-home care in 1989 -- a 29 percent increase over 1986. Charles Gershenson, a researcher at the Center for the Study of Social Policy, estimates that if the child welfare foster care caseload continues to grow at its current rate, an estimated 500,000 children will be living away from their families in the care of the child welfare system by 1995.

A recent multi-state study of placement histories in New York, Illinois and Michigan, "Public Policy and the Dynamics of Foster Care," by Fred Wulczyn and Robert Goerge, has documented growth in the foster care caseloads of each of those states, resulting in part from increasing admission rates that were exacerbated by stable or declining discharge rates. An analysis of caseload trends in California, Ten Reasons to Invest in the Families of California, reported that the number of children in foster care supervised by social service agencies grew by 81.4 percent between Fiscal Years 1985 and 1989. By the end of FY 1989 the foster care caseloads in California and New York accounted for one third of the children in care nationwide.

Many communities are also reporting increasing numbers of very young children entering care -- a trend often attributed to increases in parental substance abuse. In Michigan, researchers report that about one out of five children placed in foster care is an infant. In Detroit that ratio has increased to one in four. In New York City infant admissions reached 31 percent of all first admissions in 1989, up from 15 percent in 1984; and infants accounted for 25 percent of admissions in Chicago (Cook County) in 1989.

Increasingly, some states are seeing children in the foster care system who have been there before. Nationally, an estimated one fifth to one third of the children returning home subsequently reenter the system, although data on the reasons for the reentry or the nature of the services provided are scarce.

Such caseload trends obviously have significant cost implications. Recent analyses by state and local officials in California, Tennessee, and Missouri have projected significant growth in the numbers and costs of children in care and have used these trends as a basis for calling for increased investments in prevention and community based services. The California study referred to above projected that if current trends continue that by 1994 the state's foster care costs will double.

Gaps in Preventive Services

While poverty, homelessness, drugs and AIDS have played major roles, growing out-of-home care caseloads also result in part from tremendous gaps in preventive services. Although there are clearly family situations where children are seriously endangered and placement is the only alternative, in many there are steps that could have been taken or services that could have been provided but were not. Too many children continue to be placed in out-of-home care without any efforts being made first to preserve the family. There are families too who are kept together but offered no help.

Families who end up at the door of the child welfare system are frequently families with multiple needs. They are families who may have experienced unemployment, had serious health problems or various substance abuse problems, been homeless or experienced numerous moves before coming for help, and suffered from severe educational deficits. The majority of families come to the attention of the system because of abuse or neglect reports, most often neglect: children left unattended, or without adequate food or shelter. Children in AFDC families have been estimated to be five times more likely than children in the general population to be in foster care. A study by the National Black Child Development Institute of black children entering foster care in 1986 in five metropolitan areas revealed that 41 percent of the parents were unemployed at the time of placement. Inadequate housing, including homelessness, was listed as a significant factor in placement in at least one third of the cases in Detroit, Houston, Miami and New York.

Despite the often remediable nature of such problems, the APWA in its 1989 survey of child welfare services in all 50 states and the District of Columbia reported that preventive services are seriously underrepresented among the standard services offered by public child welfare agencies. Their study confirmed that service provision is dictated by the presence of crisis. It found that only three types of child welfare activities were provided universally on a statewide basis: child protective services, foster family care, and adoption services for special needs children. Intensive home-based services and respite services for families were the lowest on a list of 40 possible services in terms of statewide availability.

The service gaps are perhaps greatest for families where there are substance abuse problems. Although many communities report that families with substance abuse problems comprise relatively large proportions of their child welfare caseloads, child welfare staff generally have few qualifications or little, if any special training in chemical dependency prevention or treatment. They do not have the time or expertise to do the thorough assessments needed of families to determine the frequency, duration and nature of the drug use, and other factors relevant to effective services for the families. Drug treatment programs that offer women, much less women and their children together, timely access to treatment that addresses their comprehensive service needs are still scarce, although some models do exist. Current restrictions on Medicaid funding to persons in "institutions for mental diseases" prevent states from using Medicaid dollars to provide residential treatment services for drug-involved parents and their children.

Funding patterns for child welfare services reflect our country's historical preference for crisis intervention and out-of-home care. A Missouri study, Where's My Home, reported that the state spent $6 putting children in out-of-home placements for every $1 it spent on services to prevent child abuse and neglect. In California, for every $1 spent on alternatives to out-of-home care, nearly $10 was spent on out-of-home placement programs.

Such an imbalance also exists at the federal level. The federal government, for example, provides unlimited funding on an entitlement basis for children's out-of-home care, but the total amount of money available for preventive services for families at risk of separation under the Title IV-B Child Welfare Services Program and the Title XX Social Services Block Grant actually

decreased during the 1980's (when adjusted for inflation). The other seven child abuse prevention and treatment programs are funded at a total of less than $100 million.

Inappropriate Service for Children in Placement

Appropriate services are also lacking for children who must be placed in out-of-home care, and frequently their families are forgotten as well. The National Commission on Foster Care, convened jointly by the Child Welfare League of America (CWLA) and the National Foster Parent Association, reinforces the need to think of foster care as a family-centered service in its soon to be released Blueprint for Fostering Infant, Children and Youth in the 1990's. Much progress is needed to reach that goal.

Children often are placed in overly restrictive settings, or with foster parents who are not provided the supports and assistance they need to adequately address the children's special needs. In some communities "boarder babies," often infants born drug-exposed, linger in hospital wards, long after they are medically ready for discharge, most frequently because they do not have relatives to return to or foster homes ready to meet their special needs. For other children, young and old, supposedly temporary emergency shelter placements become permanent, lasting for many months.

Specialized foster homes for medically fragile children are in critically short supply, even though good models exist around the country. Too frequently foster parents are not given the specialized training or extra support that they need to care for children with special needs. They may get no help with their child care needs, nor are they ensured respite care to give them some relief from the full time demands of foster care. In some communities, plans have proceeded to care for very young children in congregate care settings at a cost of several thousand dollars a month, without first exploring whether more appropriate family-like placements might not be provided if similar investments were made in recruiting, and appropriately supporting and compensating the families.

Grandmothers and other relatives are also assuming responsibility for increasing numbers of these children -- and in many cases getting little extra help for doing so. When we talk about relative placements in the context of child welfare, it is important to keep in mind that we are talking generally only about children who come to the attention of child protection agencies as a result of alleged abuse, neglect or dependency and then are formally placed by the agency in relative homes that it approves for the care of the child.

Since a 1979 Supreme Court ruling in Miller v. Youakim, 440 U.S.125 (1979), states have been precluded from denying foster care payments to relatives who care for related children who are eligible under the federal Title IV-E foster care program. State policies vary, however, in the treatment of relatives caring for non-IV-E-eligible children. Some states, Illinois and New York, for example, do provide foster care payments to many relative caretakers caring for abused, neglected or dependent children, children who would likely otherwise be placed with strangers.

There are still other states, however, where agencies look to relatives to care for grandchildren, siblings or nieces and nephews in state custody who have been victims of abuse or neglect but offer them only the option of applying for AFDC, not the option of the foster care payment. Reports still abound as well of situations where relatives are not looked to as possible placement resources.

Regardless of where, or with whom, children are placed, there continue to be reports that their basic health and educational needs, as well as their special needs for mental health services or drug treatment, are ignored while they are in care. Frequent moves sometimes impede the provision of needed services, and can be emotionally damaging to the children as well. As a result, problems intensify, and sometimes even result in children's longer stays in foster care. Overwhelmed staff

with large caseloads do not have the time or expertise to make appropriate assessments, decisions, or referrals in these areas. Reports of abuses of children in foster care are not uncommon and have been the subject of a number of class action lawsuits.

Staffing Shortages and Overloaded Courts

Severe staff problems prevent many child welfare agencies from providing children the protections mandated by federal law, and from using well even those scarce resources that do exist. Inadequate supervision, training and support, overwhelming responsibilities, poor working conditions (including concerns about personal safety), and noncompetitive salaries have resulted in staff burnout, high rates of staff turnover, and enormous vacancy rates. They are circular problems. A system with caseloads of 50 to 60 families and no resources to meet their needs will lose even the most qualified and best trained workers who cannot responsibly stand by and see children neglected. Workloads then continue to escalate for those workers who stay, making it increasingly difficult if not impossible to recruit new staff. On the other hand, new program models and service approaches will only have real benefit for children and families if there are qualified and trained staff on board to run them. Too frequently, however, staffing problems are the last to get attention.

According to APWA's 1989 national survey, almost 90 percent of the states reported difficulties in recruiting staff for child welfare positions, with shortages being most acute among direct service workers in child protective services. A 1990 child welfare salary and retention study mandated by the Florida Legislature reported a turnover rate of 34 percent in 1989 for protective investigators in their first year. In the District of Columbia almost one third of the Child and Family Services Division's social work positions were vacant as of July 1990.

It is not unusual, particularly in large cities, to see caseloads that are double, and sometimes even triple, those established by national standard-setting organizations such as CWLA. In many states caseloads exceed the states' own standards.

Low salaries have also been cited in a number of studies as a major factor in the turnover and recruitment problems in agencies, although they all caution that salary increases alone will not resolve the staffing crisis. A 1989 CWLA study reported that the median annual earnings of child welfare workers with no graduate social work education in voluntary agencies was $6700 less than that of elementary teachers and $8500 less than that of registered nurses. Such low salaries send a negative message about the importance attached to direct services in the child welfare field. So too do declassification efforts which reduce the educational requirements for social work positions. The 1987 National Study of Public Child Welfare Job Requirements reported that 44 percent of the 26 states surveyed did not require entry level workers to have a degree of any kind to perform direct service casework functions -- three times as many as in 1975.

But it is not only the overload on agency staff that impedes the delivery of services to children and families. In many jurisdictions, overburdened courts as well as poor communication between judges and agencies contribute to the inappropriate placement of children. P.L. 96-272 specifically looks to the courts to ensure basic protections for children in dependency proceedings. The courts often are responsible for determining when placement is necessary and for periodically reviewing the care children receive. According to the American Bar Association's Center on Children and the Law, judges often make critical decisions without fully knowing what help and services are available. And now judges too in many communities are overwhelmed by growing caseloads. The Subcommittee has heard testimony in the past about judges who are expected to hear as many as 100 cases a day, meaning that few cases can receive the careful attention they deserve. Between 1984 and 1988 the New York and Michigan courts reported increases of 312 and 292 percent, respectively, in abuse and neglect cases filed.

Opportunities for Federal Leadership

The litany of inadequate responses to a growing population of vulnerable children and families makes it clear that new responses are needed at the federal, state and local levels. There is growing consensus about the nature of the crises in child welfare and about effective strategies for reform. We know more about what works than we did a decade ago -- and the challenge is to get those things working for many more children.

A large part of the reform agenda in child welfare reaches beyond the focus of this hearing today. If we are ever really to improve the child welfare system's ability to strengthen children and families who truly need its help, we must reduce the number of children and families who must come for help. We must strike at the root causes of many of the problems that overwhelm families. We must continue to work to pass laws, initiate programs, and distribute resources in ways that will eradicate child poverty, get health care to families, ensure permanent housing for families in need, and attack the alcohol and other drug problems that are ravaging our cities and our families. In that connection Chairman Downey, your leadership last year in securing a significant expansion of the Earned Income Tax Credit was a dramatic step forward, and we commend you for it.

There are also other parts of the reform agenda that will involve activities solely at the state and local levels. Representatives of state and local governments, public and private providers, judges and court staff, parents and children, foster parents, adoptive parents, attorneys and advocates for children must join together to plan and implement improvements for children and families. They must work together too to get communities to assume greater responsibility for these improvements.

But there are numerous areas where federal leadership, and Congressional leadership particularly, are essential. Immediate steps must be taken to ensure that the promises of P.L. 96-272 will be realized by individual children and families throughout this land. We believe that the framework of P.L. 96-272 is sound, but it is a skeleton with little flesh, and almost no muscle. It has not been adequately nourished, and thus is underdeveloped. It has yet to reach its full potential. Workers, supervisors, foster parents and other caretakers have not had the training, supports, or resources necessary to serve the children they are charged with protecting. Resources must be expanded and new service directions taken. But at the same time discipline must be restored. Federal regulations must be issued, and the moratorium on compliance with the law's mandates ended. HHS, as well as the states, must be held accountable for implementing the law effectively.

We believe that these promises will not be realized unless Congress provides enhanced federal support in four major areas: 1) Strengthening families and preventing their unnecessary separation; 2) Improving the quality of out-of-home care; 3) Enhancing adoption assistance; and 4) Strengthening service delivery. CDF and CWLA have co-convened a group of national organizations to try to reach agreement on steps that can be taken in each of these areas. The group includes organizations representing a broad range of perspectives on the system: state and local officials, private providers, social workers, unions, foster and adoptive parents, attorneys for children and parents, and other child advocates. We have shared our proposals with the Subcommittee staff, Chairman Downey, and with staff of other Subcommittee members and were delighted that a number of them were addressed in last year's Family Preservation Act.

CDF supported the Family Preservation Act and hopes that it will be reintroduced in a similar form very soon. It increased federal dollars for prevention, strengthened protections for children, and enhanced programs and services so that families can be supported and maintained, special needs for care properly addressed, and children assured of permanent care. Federal incentives were also provided to assist states in the recruitment

and retention of qualified staff, to strengthen the courts and to enhance interagency collaboration.

Rather than discussing each of our specific recommendations for reform in detail, I would like to leave with you a number of principles which I hope will guide your work as you prepare to reintroduce the Family Preservation Act and to explore broader child welfare reforms.

First, the growing crisis in child welfare will not abate until more is done at the federal level to strengthen and support families. The current imbalance that exists at the federal level between open-ended entitlement funding for out-of-home care and restricted funds for preventive services must be addressed. States cannot fully implement a system of family-centered services, ranging from informal family support centers to the more intensive family preservation services, unless they are ensured funding for this purpose. These front end investments are essential to enable more families to nurture and care appropriately for their children. They will meet the best interests of the children and also the best interests of the larger society. They will help many families avoid the need for more intensive services later on. They will also help reserve scarce placement resources for children who really need out-of-home care and ensure greater attention to their special needs.

The proposal for an entitlement for preventive services is not new. In fact, it was at a hearing in 1977, that CDF first testified that Title IV-B should be made an entitlement and that the increased funds be targeted for preventive services. We hope now that the experience of the last 14 years will speak for itself, and that the Subcommittee might even consider an open-ended entitlement for these important front end services.

In considering the use of entitlement funds for family support and family preservation, it is important that your goal be the incorporation of preventive efforts as part of a state's overall system of care. Consider for a minute what this means with regard to family preservation services (FPS). FPS programs are modeled after the Homebuilders' Program which began in Washington in 1974. They are targeted on families at imminent risk of separation. They attempt to keep children safe and strengthen parents' abilities to address their problems. A trained professional or team with a small caseload of two to four families is available to the family on virtually a 24 hour a day basis as needed for a limited period of time, usually no more than six weeks. The staff spend time with the family in the home; concentrate on active practical aid in solving the immediate crisis that threatened placement and other immediate problems; give on the spot instruction and help in parenting; and help link the family with community supports. Many programs also make discretionary cash available to the FPS workers to assist the family with concrete emergency needs.

Programs like these, which have successfully reduced the number of children entering care, have been introduced now in communities in more than half the states. In about a dozen, however, including Connecticut, Kentucky, Michigan, Missouri, New York and Tennessee, important steps have been taken toward establishing the programs statewide. Program models have been established, training has been developed, and the issue of coordination of FPS with other services is being addressed. Federal incentives for such statewide development are key.

Initial evaluations of FPS programs have dramatized the importance of concrete services to the model's success and also the importance of follow-up services, both informal and formal, for the families who are still fragile at termination from FPS. It is therefore important that states also get help to develop family support programs which can assist families before crises intensify and provide a useful bridge for families completing FPS. Maryland, Connecticut, Wisconsin and Kentucky are among the states that already have established such programs. Congress also enacted last year a federal Family Resource and Support Grant Program which will help states to develop statewide

networks of family support programs, but further assistance is needed.

Particularly in large urban areas, federal help is also needed to provide the comprehensive treatment programs necessary to meet the multiple needs of those drug-involved families who with services can be assisted to appropriately care for their children while addressing their own substance abuse problems. Effective programs, both residential and non-residential, must offer substance abuse prevention and treatment services, and also health and mental health services, child care and other early childhood activities, parenting education, educational and vocational assistance, and services for extended family members, as well as outreach and follow-up services. Funding to child welfare agencies for help to drug-involved families should be linked to treatment efforts funneled through health and substance abuse programs. Treatment is needed for families who seek help voluntarily as well as for those already involved with the child protection system.

Second, I hope that Congress, in examining the adequacy of current federal funding for out-of-home care, will carefully assess how federal dollars can best help children and improve the quality of out-of-home care. Tough questions need to be asked. Are current federal foster care dollars helping to ensure critically needed services for children in placement and those charged with caring for them? What incentives are there for states or communities to provide reunification services, treatment services for children, and respite care and other supports for foster parents? What incentives can be offered to encourage states to raise their rates and improve the care provided to children?

In this connection, it is essential that Congress reject President Bush's FY 1992 budget proposal to limit funding for preplacement expenditures which help children avoid entering care unnecessarily. It encourages the overuse of foster care and is cost-inefficient. It is also based on the erroneous assumption that large numbers of non-poor children are benefiting from these activities.

Third, we believe it is awfully important that Congress build upon and maximize the benefits of past reforms for children and families. In the last several years, Congress, often in response to this Subcommittee's leadership, has implemented improvements in the areas of independent living, health and education for foster children, and training for foster and adoptive parents. Vigilance is needed to ensure that these first steps are being fully implemented and that more aggressive steps follow. In the case of the Independent Living Initiative, which has served as a catalyst for improved activities for young people in care, I hope that the Subcommittee will make the program permanent, and also offer federal support to continue these young people in care to age 21 and allow them to accumulate modest savings to assist with their living expenses when they leave care. Second tier action is also needed to ensure compliance with the recent federal law changes that require a child's health and education status be reflected in the child's case plan, and expanded reimbursement for training for foster and adoptive parents. Further efforts are needed to ensure that children and caretakers receive the help intended. Successes under IV-E in promoting the adoption of special needs children also need to be maximized. Steps should be taken to allow post-adoption services to be reimbursed under Title IV-E to help maintain adoptive families for children with special needs.

Fourth, special federal emergency aid should be provided to states to help them better combat the crisis in child welfare. Children and families will not feel the benefits of new programs and services unless agencies are appropriately staffed and there are systems in place to assess children's progress in care. Time-limited assistance should be provided immediately to help states and communities recruit and retain staff and prepare to implement uniform national data systems for foster care and adoption similar to that proposed by the Department of Health and Human Services last fall.

Fifth, use your federal carrots to enhance interagency collaboration on behalf of at risk children and families. The problems child welfare systems are confronting are not theirs alone. They are being asked to make up for the failures of many other human service systems. The needs of the children they are serving are multiple and require the involvement of mental health, substance abuse prevention, health and education agencies. In at least some areas federal funds should be directed only to states that can demonstrate the joint involvement of at least two of these agencies in the planning, operation, staffing and funding of new program initiatives. Children will not benefit if coordination never moves beyond interagency coordinating bodies.

Sixth, we encourage you to give a small number of states that have already begun to institute new responses to the problems of children and families the opportunity to use federal funds more flexibly, provided certain protections for children are maintained. We need to know more about what states would do differently if they could use foster care dollars, for example, for a broader array of services, and how children and families would benefit from these changes. Careful evaluations must track both the procedural and substantive changes involved in such redirections, and it must be clear how impacts will be measured. If such demonstrations are not carefully crafted, increased flexibility, particularly given current fiscal pressures on states, will result in nothing more than business as usual, with no benefits for children.

Finally, in whatever you do I urge you to maintain the respect for the individual needs and differences of children and families that is embodied in the protections in P.L. 96-272. Is it unreasonable to expect that efforts will be made to try to prevent a child from being unnecessarily separated from his or her family, to place a child in the most family-like setting appropriate to his or her needs, to develop a case plan and periodically review the status of that child's care and plans for permanence? Of course not. I hope you will provide the resources necessary to help agencies ensure that the needs identified can be met and then hold states accountable for adequately addressing children's needs. It is indeed a tragedy that over a decade since the law's enactment we are still without the tools necessary to ensure its full implementation.

CDF believes that Congress has a critical role to play in protecting some of the most vulnerable children and families in this country. You hold in your hands numerous possibilities for helping to alleviate the crisis in child welfare and to getting systems working better for children. The challenges are great, but so are the opportunities. We look forward to continuing to work with you to offer these opportunities to children and their families. Thank you.

Mr. ANDREWS. Thank you, very much.

I would like to direct a few questions to a particular witness but I want all of you to feel free to jump in and share your thoughts with me, especially individual experiences that you have had in your own States.

Mr. Liederman, David, you have spoken out before about the need for foster parent training, and in the recent budget bill, the Congress increased Federal reimbursement to the States for training foster and adoptive parents, increased. Have States taken us up on that? And, if so, give us your thoughts about the kind of response. In general, has it worked?

Mr. LIEDERMAN. I think the States are doing much better in the area of foster parent training. I think what the Commission reported, Mr. Chairman, is that there needs to be a major shift in the way that we view foster care. What the Commission talked about was calling foster care family foster care with the emphasis on family. Because the Commission believes, as I believe, that foster parents have a role in keeping families together and we need to be clear how we view foster parents. There is a lack of clarity in how we view foster parents. Are they the recipient of service? Are they the provider of service? Are they part of the professional team? Are they the vendor? We believe they ought to be part of the professional team.

So in terms of training, the League is trying to develop sophisticated training that can elevate the role of the foster parent to become part of the professional team that works with the children, and works with the birth parents and the social worker to try to keep the family together.

Mr. ANDREWS. Mr. Walsh.

Mr. WALSH. Yes, I would like to comment from our perspective in Maine, and I believe it is the experience with other States. The types of children that are coming to us, today, in foster care many of them cannot be served by the existing foster care system. It is almost like in child welfare we are sometimes fighting a previous war. And we are trying to place kids that are extremely disturbed—have been sexually abused, have extreme difficult problems—in family foster care situations.

And so, not only is training an important component, and I do not believe if there were a national study done that we would see that many States have developed a completely adequate foster parent training program. But besides training, there is a need to develop resources for the very difficult to place children. If we can't keep them in family foster home types of situations, they are going to go to extremely expensive and already residential centers, psychiatric hospitals and jails. That is our experience. We are trying to beef up our family foster care system so that they can keep these very difficult-to-place kids in the system and again, it is an expensive proposition but it is going to be even more expensive.

I would say that the States' record on developing training programs that enable foster parents to care for the troubled children that we have today, I would say is probably very spotty.

Mr. ANDREWS. Mr. Stangler.

Mr. STANGLER. The only thing I would add, Mr. Chairman, is that if you talk to foster parents, what they want most is what

David calls a part of that professional team, more important than training, more important than reimbursement. That is also the most difficult thing to do and we ought to give some attention to training my own workers to include foster parents who can be a barrier to reunification, who bond with the child, as well, in a very difficult situation. But not to lose sight of that relationship, I believe, being paramount.

Mr. ANDREWS. Mr. Walsh, I know you are familiar with the administration's budget proposal that Dr. Horn outlined for us, a few moments ago. Could you just give us your thoughts, explain to us what kind of impact that might have on the citizens of Maine?

Mr. WALSH. In terms of the citizens of Maine, I agree with what Mr. Stangler said, that we need to have a change in the direction of putting the money at the back end of the system. We need to have entitlement programs that enable us to provide services to those families who are represented in this folder, who come to us the first time that they show up. We do not get out and see these people until they have been called back and referred back to us three and four times. We need to have the ability the first time a kid runs away to send somebody out and do an assessment of why the child ran away and what the family problems are.

If we can do that, and if we can have the funding necessary to do that, we can stop a lot of the kids from progressing further into the system. So any proposal that moves in the direction of enabling us to get at these families and children the first time they call for help is going to support us.

As I said in my testimony, the IV-B program is a flexible program and it is one that helps us, but it is one-fortieth of our budget. In no way is it going to enable us to address the problems represented in this folder. So we need to have a way of stopping, at the front end, and providing services there.

With the IV-E, the way that the IV-E administrative mechanism works is that somebody in my State described it as taking the exhaust that comes out of a car and using it to try and run the car. It is back-door funding and Commissioner Horn agreed with me on this one, we need to have up-front funding that says we are going to preserve families upfront and not through some kind of a back-door mechanism where States earn the money under so-called administrative expenses.

Mr. ANDREWS. Mr. Stangler, would you concur with that?

Mr. STANGLER. I would and we are the home of the famous Missouri decision on IV-E funding. You are welcome and we are very proud of it. The situation for us, again, I almost resent it when we talk about what we call just administration, as if that is just salaries of bureaucrats that are sitting around offices, as opposed to the actual delivery of services to kids.

And it is more than just putting money into soft services up front. I believe there are hardcore services up front that we need to provide for and that that ought to be the direction of Federal policy and where Federal policy ought to be leading us.

I am not even sure we need demonstrations. What we need are prototypes out there. I think we do have a good sense of what works and what is the right thing to do and we know where to put our money.

Mr. ANDREWS. Now, both of your States have increased spending in this area. Is part of that for new programs or part of that just to keep up with the demand, that is, the examples you have brought to us in the folder today?

Mr. STANGLER. There is some keeping up with demand, but I would say that where we have earmarked money and the only places in my budget, other than Medicaid, that is getting new funding is for new programs to try and stop the growth of what we believe is the wrong way to go and that is a bigger and bigger out-of-home care system. You rarely find a kid, no matter how abused or neglected that does not want to go home. It took us 10 years to figure out that when kids ran away from our facilities they ran home. That ought to be the direction of Federal policy and that is where we are putting our money.

Mr. WALSH. We have had some increases in new services. In Maine, we have nine homebuilder programs that have 21 teams and we use some of the IV–E funding to help us get those started. But overall, we are losing ground in terms of the services provided to children and families. First of all, as I mentioned the foster kids have extremely difficult problems, and the cost for foster care is going up dramatically. Placing kids in expensive treatment programs, psychiatric hospitals and other places is eroding our service base.

So, I would say, as a whole in Maine, and I believe in many other States, the services are being eroded, and title XX, of course, is a major funding source for prevention services, and we have not had a basic increase as long as I've been in this business.

So the actual number of services provided to troubled children and families is decreasing.

Mr. ANDREWS. In your testimony, Mr. Walsh, you said, I believe, that a substantial number of reports of child abuse and neglect are screened out.

Mr. WALSH. Yes, that is correct.

Mr. ANDREWS. And a lot of family problems, therefore, just go unaddressed. On what criteria are cases screened out?

Mr. WALSH. We have a State statute that mirrors the Federal statutes that defines what child abuse represents—abuse by a family member, or somebody else who has custody of the child. So our caseworkers who receive these reports basically use a risk assessment system to decide which families meet the criteria for abuse and neglect. I will say, as I believe is happening in other States, that the standard keeps rising. In other words, the cases, as we screen out more and more cases, the "triaging" gets more and more serious. The cases that we serve each take more time than they did 5 years ago because of the nature of the cases.

In the past 8 years, we have had 9,000 cases of substantiated sexual abuse of children. These cases involve law enforcement, mental health, they involve a whole different set of activities than we have had before. So, we are forced more and more to screen out cases that we might have served 10 years ago and today we might make a referral to a community agency that is already strapped.

But it is a bad situation that leads to a lack of credibility in the system as people call, don't get help, and they end up frustrated.

Mr. LIEDERMAN. About 3 years ago we did a study on child abuse around the country, titled "Too Young to Run." It was an appropriate title because it is exactly what Peter is saying. As we surveyed the States and the counties, and talked to people who are actually involved in the day-to-day running of child protective services, we found that they tended to the younger kids rather than the older kids, because they thought the younger kids could not run, they were too young to run. What a sad commentary that is on our system, when workers who have large caseloads have to make those kinds of judgments about kids who need our help because there is not the money to provide the services that are necessary.

Mr. ANDREWS. Mr. Jim Moody.

Mr. MOODY. Thank you, Mr. Chairman.

I'm sorry I did not hear most of your testimony but there was a health subcommittee hearing going on simultaneously, so we are jumping back and forth. Mr. Levin and I are both in both of them.

Ms. Lacey, once a child is in foster care, social workers and judges must make tough decisions obviously about whether to reunite the child with his other family or to pursue adoption.

Has your State or county adopted a formal set of services designed to yield quicker and more successful solutions?

Ms. LACEY. I would be happy to answer your question, but I am not an expert on the day-to-day operations of our service.

Mr. MOODY. You are not?

Ms. LACEY. No.

Mr. MOODY. OK.

Does anyone else want to try and answer that? Quicker and more successful services to reunite families? Is there a nationwide set of standards or criteria or is this just ad hoc? Is this done totally differently or how do people make these decisions in some coherent, rational, consistent way?

Mr. LIEDERMAN. In effect, what 96–272 calls for is that there be a permanent plan developed for each child. The people running the program have a legal obligation to look at each child and determine what is in the best interest of that child and to come up with a permanent plan.

Mr. MOODY. To avoid cookie cutter justice here.

Mr. LIEDERMAN. Well, unfortunately the way that works around the country is uneven, because there is not the full array of services in every jurisdiction. If every jurisdiction had family preservation services, crisis intervention services, had quality family foster care, treatment foster care, good residential treatment programs—the full array of services—then at least the workers would have some options and can begin to develop plans in a rational kind of way.

But when you don't have the services and it is 5 o'clock on Friday night and you have five emergency cases on your desk, all you are looking for is somewhere to place the kid. You are basically like a goalie trying to stop the pucks and you are trying to find some place that will take the child. And then what happens once the child is in temporary care? Does someone pay attention to developing the plan?

Hopefully they do, but it does not always happen.

Mr. MOODY. When you say it doesn't always happen. First, are there other comments?

Mr. WALSH. I just want to comment that the child protective services system has become the place in the country where people call when they need help. All of these things that I talked about before are not appropriate for the child protective services system. It is an involuntary services system and we ultimately have the ability to go in and take a child out of the home. So we should, again, when a child runs away, people that I work with in Maine say that we should be out on that kid the first day. By the second day the kid has reached the streets and is beginning to know and to learn how to live on the streets. By the third day, it is almost impossible to get the kid off the streets again.

The child protective services system is the Nation's largest home builder system that we have. It is the only one basically. Most of the kids that come to our attention that we go out on and open an investigation do not come into foster care. We provide rehabilitation services to the families. That is the Nation's basic ground-level support for rehabilitating families. It is an involuntary system; it shouldn't be that way. We should have a voluntary system of care that gets at it up-front and then the child protection system should only be used for those families where there is abuse, actual abuse of children and it should only be used in those situations.

Mr. MOODY. Thank you. I am concerned about Mr. Liederman's point that there should be these services, but there frequently are not. Is there a pattern in this Nation as to where the services tend not to be—is it poorer States; is it certain regions?

Mr. LIEDERMAN. Not necessarily. We find, just as we recently did with IV-E costs, that some States have been skillful in trying to access the funds to which they are legally entitled under 96-272 and have increased their money for foster care and for services. Other States have not taken full advantage of IV-E—and what is really interesting is that now the administration is saying, that because Mr. Stangler has done a good job in Missouri and Walsh, you have done a good job in Maine, now we are going to penalize you for accessing the money to help the kids, and we are not going to give it to you any more. What the administration is basically saying, in short, is don't do such a good job getting the money to help the kids who need help in the system, because if you do, we are going to take it away from you.

Mr. MOODY. Do any of the other panelists want to comment on this question of whether or not there are regional or systematic differences in the services that are not available that should be, under law? Has anyone looked at that?

Ms. ALLEN. My sense is, although the Children's Defense Fund has not done a national study in this regard, that when you look at one area where there is a real gap in services, the area of preventive services for example, that we are beginning to see a pattern. It is very exciting that a number of States—Kentucky, Missouri, as Director Stangler already testified, Michigan, and Tennessee—are all taking a look at trying to incorporate these front-end services as a part of their overall system of care.

These successful efforts supplement some beginning activities in New York State and California. I think what is very significant is

the fact that we are seeing activity in family preservation in some of the smaller States, and some of the States that also have large rural components.

Mr. MOODY. Is early intervention cost-effective on purely economic grounds?

Ms. ALLEN. Certainly early intervention in the broad sense has been proven to be, when you look, for example, at the WIC program and you look at the Head Start program.

Mr. MOODY. I know it does there, but does it apply here to these foster care issues as well? Do you know that it does? We can assume it. My gut tells me it would be, but has anyone measured that?

Ms. ALLEN. There are certainly some indications in States like Michigan, which is one that has done a lot of work with regard to family preservation services, that when these services are offered that they have been able to reduce the number of children entering foster care.

Mr. MOODY. And ultimately the cost to the public is less?

Ms. ALLEN. That's right, although I think it is very important to keep in mind that children will continue to need foster care and as we look at their more difficult needs, that we may not see decreases in the foster care side right away. Expenditures may even grow slightly in some places as we do a better job taking care of that group.

Mr. WALSH. Could I just comment on the regional applicability of services? If you look at Federal funding streams for child welfare, the IV-B funds are given out on an equal basis based on the population.

Mr. MOODY. Of the States?

Mr. WALSH. Of the States, I believe, but it is an equitable formula. Title XX is also given out on an equitable formula. However, when you look at IV-E it depends on the State's definitions of what they call services, and it depends on the State's ability to access those services, it depends on the State's ability to pass very complicated quality assurance programs. So the IV-E program is definitely uneven in terms of expenditures that go to States.

So you have an unequal distribution of Federal funds.

Mr. MOODY. Is that the State's own doing that they don't shape up their definitions and categories so that they can access those funds?

Mr. WALSH. Well, you could say that some of it is dependent upon the State's abilities, but some of it also, as the Missouri decision, for instance, where Missouri and other States said that certain expenditures should be eligible for reimbursement. There was a long, complicated court case finally determined in Missouri's favor. And States then have to go back and try to work with their regional offices and get the same services approved that were approved in the Missouri decision.

So you have to expend a tremendous amount of energy and effort in trying to maximize your IV-E funding. But there, again, as with title XX and IV-B——

Mr. MOODY. It's equitable?

Mr. WALSH. It's equitable funding.

Mr. LIEDERMAN. I would suggest though, and I think that Peter would agree that it is getting more equitable.

Mr. MOODY. IV-E is?

Mr. LIEDERMAN. IV-E is and the reason it is getting more equitable is because the States are becoming more sophisticated and understand how to access the money.

Mr. MOODY. I have information here that says in Chicago, six juvenile court justices, six, are responsible for 22,000 abuse and neglect cases. And they have an additional 12,000 foster care cases awaiting their review. So that is 34,000 cases for six judges.

Do any of you want to comment on the role of the inadequacy or adequacy or overwhelming task facing the courts, or is this aberrant to Chicago or is this typical across the Nation?

Ms. ALLEN. This is a major problem throughout the country. The overload on the courts is one of the critical parts of the crisis that is facing child welfare.

Mr. MOODY. That is one of the bottlenecks?

Ms. ALLEN. That's right, and I am glad you raised that, Representative Moody, because frequently when we look at the child welfare system and the child protection system, and particularly from the Federal level, we forget about the critical role that the courts play in the lives of children and families. In fact, in the Federal legislation that was enacted a decade ago, very important responsibilities were imposed on the courts in implementing the law's protections for children. Therefore, as we talk about doing more to make the system work for families, we have got to look at some incentives for the courts to help them expand and deal with these cases.

Mr. MOODY. Well, have courts expanded proportionally to these responsibilities? It sounds like they have not.

Ms. ALLEN. No, they have not, and if anything, the drug problems that are putting pressures on child protection service agencies have resulted in dramatically increased caseloads in the courts, as well.

Mr. MOODY. Are the number of judges available assigned to this task, is this a mandated ratio of some sort by the Federal Government or is this purely State-by-State or local-by-local?

Ms. ALLEN. I know it is not Federal. I suspect some State court rules committees have certain ratios that they try to reach. But I know that New York, Rhode Island, and Michigan, have seen several hundred percent increases in abuse and neglect cases coming before them.

Mr. MOODY. But not in the number of justices to deal with them?

Ms. ALLEN. That's correct.

Mr. MOODY. There is nothing to make any region or State or locale adjust the size of their legal system, judiciary system to meet this avalanche of new cases, right?

Ms. ALLEN. Not to my knowledge. I think it is important that in the Family Preservation Act, which this subcommittee had reported out last year, that there was important recognition of the need to give some help to the courts through some temporary Federal financial assistance. The funds in the bill would help the courts deal with their increasing caseloads and responsibilities.

Mr. MOODY. But none of the moneys we are talking about, the IV-E or any other moneys are available for this purpose?

Ms. ALLEN. That's correct, currently.

Mr. WALSH. Not for the court system. We are able to use some administrative costs to pay for attorneys. We have gone in Maine, again, from one attorney 10 years ago that served all child welfare to 15 attorneys that work on child welfare cases.

Mr. MOODY. But not judges.

Mr. WALSH. I think there has been one increase in the judicial system. This forces us to use emergency petitions because the judges cannot hear cases for 6 weeks. So we can't bring a child abuse case that has to wait 6 weeks to 2 months.

Mr. MOODY. Right.

Mr. LIEDERMAN. One of the things that is happening that is going to change some of what is related to your question is that there are a number of States now that are being sued. There is a lawsuit against the child protective service system here in the District of Columbia. It is happening in Indiana, it is happening in Alabama, and it is happening in Kansas. It is happening in Connecticut, and Connecticut is under a consent decree. In all of those cases what that is going to do is what we have not been able to do. What it is going to do is to force the system to reduce caseloads of social workers to a manageable level, and to force the judiciary to have the appropriate number of judges to respond in a timely manner to the cases.

Mr. MOODY. I appreciate the panel's response.

Thank you, all, very much.

Mr. ANDREWS. Mrs. Johnson.

Mrs. JOHNSON. Thank you, Mr. Chairman.

First of all, let me say for the record, that I think the issue of rising administrative costs is important. The Bush administration is not the only group raising this issue. Last year, Democratic Senators rode the issue hard. We should not dismiss this point of view as a hostile Republican President out after children or hostile Democratic Senators who don't understand child welfare services.

It is important for a Government to be intelligible to the public. And when administrative costs in any program escalate to the extent that these are we have an obligation to stop that. Nevertheless, in this case, a program has developed that has a different definition of administrative costs than any other Federal program. It is fair to say that this committee is committed to changing the definition of administrative costs, so that it is more in line with the accepted understanding of that term, and thereby, moving the reimbursement of services out of administrative cost reimbursement. That means that we have to also change service definitions.

I would like the panel's input on two issues: on State flexibility in administering title IV-E protections issue and on the need for data collection through demonstration projects.

The overload in court cases is an example of the issues to which I refer. Because we have not dealt effectively with the causes of family dissolution, courts are overloaded with termination cases. Farther down the continuum, there aren't enough placement homes available because the services are not in place to prevent problems from becoming so severe.

Many respected researchers have said that research does not prove that family prevention services and early intervention services work. My own personal bias is that you don't get kids into those research projects until they are already defined as at risk. Prevention should be initiated long before children get so far along in the system that we are able to A, be able to identify them and B, able to categorize them. Mr. Walsh, all of those kids in your file aren't categorized and yet, they are clearly in desperate need of prevention and intervention services.

I am very much interested in real, systemic reform. For that reason I was very interested in Mr. Stangler's testimony, and his sense of urgency that we have to break the categorical lock on the system. The Johnson demonstration projects in both Chairman Downey's and Senate bill are an attempt to give a few States a great deal more flexibility in their use of foster care and prevention money.

There is a provision in the demonstration that is fairly controversial. However, family intervention—or child placement—must be accomplished within 2 years. A provision in the demonstration language allows child welfare workers to extend the 2-year deadline if progress is being made. But I agree with Mr. Stangler, change will be difficult. Unless some kind of a deadline exists, the system won't focus from the very beginning on whether the parents are participating. Did they go to the drug rehabilitation program that they had the opportunity to participate in? If they didn't go, their lack of participation should be part of the record in the termination proceedings. There should be an integrated record during the 2 year intervention which either leads to a whole family or to an out-placed child.

Can States tolerate, at least on a demonstration level, addressing families' problems within the scope of a 2-year program at the end of which it would either be clear that this family is going to be together or this child needs to go his or her own way? If you are given sufficient flexibility funding-wise, can such a program give you what you are going to need administratively and across categorical grants what you are going to need to really try to break the system and demonstrate that you can truly help families and children?

Mr. WALSH. Actually in Maine we have a 1-year limit that the parents have a year to try to get to the point of being rehabilitated so that they can take the child back. Two years in a young child's life is a long time.

Mrs. JOHNSON. Have you had problems with the 1-year limit?

Mr. WALSH. Well, the judges can extend the 1 year in certain cases, but we have not had a lot of problems.

Mrs. JOHNSON. That is very good.

Mr. WALSH. What we try to do is that people forget the word, rehabilitation; they think of reunification before rehabilitation. We were very interested in the proposals, those flexible proposals because many States, as is Maine, are trying to coordinate their services at the local level, trying to integrate them. We have had a long history in Maine of an interdepartmental committee, and those types of flexible models would give us the ability to pull together

people from the different agencies to develop integrated, multidisciplinary case plans. That takes staff and resources to be able to do.

I would just like to comment on the overhead costs if I could or the administrative costs. The Governors' Association is supportive of redefining administrative costs, and looking at things which are properly in accounting terms, called overhead and which things are administrative and which ones are service costs.

I suggested to Commissioner Horn that when he was in Maine that it would not be a difficult task to estimate how much of what is currently for administrative costs would be needed to bring every State to an equitable level giving them all of the costs to which they are not entitled. And then that could be set up as a national service program, as a beginning base, on an equitable basis. But the Governors' Association is interested in working with the Congress and others to redefine those costs properly to define them.

Mrs. JOHNSON. Any other comments?

Mr. LIEDERMAN. Yes. I don't think there is resistance at all to developing family preservation services around the country. I think what is happening now is that the States are absolutely moving in that direction, more and more States and counties are implementing them. The only barrier has been money.

One of the concerns that we have, Mrs. Johnson, is that demonstration programs not jeopardize the IV-E entitlement status. We must not jeopardize the entitlement status of IV-E. So if you are going to mix and match money, how does that work? Are we guaranteed that the entitlement goes with the child and that this would not be jeopardized?

If a child shows up on Peter's doorstep or on Susan's doorstep and requires services because he or she is in danger, is being abused or neglected, or something is happening so the child needs to be protected, then we believe, as I am sure you do, that that child is entitled to service. It is absolutely entitled, whether that State is broke. There is still a responsibility to provide that service and the money has to be found because it is an entitlement. We would not want to do anything to jeopardize that service, and we do want to make sure that the kids that get into the system, let alone, the kids in the files get protected.

Mrs. JOHNSON. I think there are ways of assuring child protection, in fact, we did preserve it.

Mr. LIEDERMAN. Yes, sure.

Mrs. JOHNSON. Ms. Allen, I am sorry, I missed your testimony, but I was briefed on it by my staff. I share your concern about protecting children in foster care. However, I was interested in your comment that States might conduct business as usual. My sense is that States really are deeply concerned with what is happening in the child welfare system. But they need more latitude than they have to make the system function effectively. And I am afraid that our idea of giving latitude is not their idea of having latitude.

Ms. ALLEN. I certainly indicated that the Children's Defense Fund supports carefully crafted demonstrations to give States——

Mrs. JOHNSON. How carefully crafted though? Do you think that you and the State people could agree on latitude?

Ms. ALLEN. I think so. As you know, the demonstrations that were in the Family Preservation Act last year, were demonstrations——

Mrs. JOHNSON. Yes, but we ended up being pretty heavy handed on the Federal protection language. That worries me because I think we assumed that the States are bad actors and would be bad actors if we let up on them.

I would like representatives from States and the APWA to take a look at the appropriate Federal role. I think we can preserve the concept of protecting children, without quite as much Federal prescriptions. I don't think we have given States enough latitude, but I would hear that from State people.

Ms. ALLEN. I think there are two issues. One is, as you know, we are very eager to ensure that basic protections, like case plans, periodic case reviews, and the requirement that there be efforts at the front end, when children would not be endangered by doing so, to keep children at home, are preserved. There is also another issue though that I think is very important. It is important that we end up learning from these demonstrations. I know you have been very concerned about the evaluations in the demonstrations. I think evaluations are something that still need some fine tuning and that together we can try to ensure that we will know, by the time a demonstration period ends, whether or not the ability to use foster care and other child welfare dollars more flexibly will really make a difference in the lives of children.

Mrs. JOHNSON. One of the things I try to do in our demonstrations, and the subcommittee agreed, is for us not to define specifics. I preferred to have participating States to get together to assure uniformity. Uniformity and the strictures should come from the professionals and not from the Members of Congress.

Mr. WALSH. The Governors' Association would certainly support that. What I think Governors would say is that child welfare is only one aspect of the children's services system in their States. It is a key element because of all of these calls that are coming to it. That anything that would help the Governors to be able to take existing statutes and regulations and put them together so that we could approach this in a multiagency fashion would be very, very supported by the Governors.

Mrs. JOHNSON. Good. I urge the panel, Mr. Walsh and Mr. Stangler, and anyone else who is interested to review last year's bill. My own belief is that we ended up with rather too much Federal rigidity. If we are going to get what we need from the States and if the States are going to have the opportunity to demonstrate what they need to demonstrate we need to be more flexible.

Then the second thing I would ask you all to consider is the reality that there is going to be some new money for children but it is not going to be commensurate with the need. You know it is going to be true at the State level and it is true here. A significant issue that we all must face is how we use those resources.

I am more and more interested in at least trying to combine the preventive, and any other appropriate placement services into a single funding source. For example we should really be seeing Even Start moneys as part of prevention moneys in order to develop a truly effective continuum of preventive services.

It may be that we want to change one of my proposed demonstration programs so that it goes even beyond foster care placement, foster care prevention, and into family difficulty prevention. We need a much more comprehensive group of resources. However, if we are to combine funding sources, then we should guarantee that there would be at least a certain percentage increase in the new category over 5 years, perhaps in the form of a capped entitlement.

Many States are making a legitimate effort to comply with a very difficult system. Maybe the States are ready for a program that becomes a capped entitlement for a limited number of years so that States can be given the flexibility to direct placement money toward prevention.

Thank you, Mr. Chairman.

Mr. ANDREWS. Thank you. Thank all of you.

We are going to ask our last panel, please, to quickly take their seats.

Welcome to the committee. We have three witnesses before the committee this morning. Gordon Berlin is senior vice president of Manpower Demonstration Research Corp.; Julia Isaacs is an analyst from the Budget Analysis Division of the Congressional Budget Office; and Fred Wulczyn is a policy analyst with the Division of Family and Child Services of the New York State Department of Social Services.

Mr. Wulczyn, why don't we hear from you first? Please, if you would not read your statements, but summarize them briefly for us.

Mr. Wulczyn.

STATEMENT OF FRED H. WULCZYN, POLICY ANALYST, DIVISION OF FAMILY AND CHILDREN SERVICES, NEW YORK STATE DEPARTMENT OF SOCIAL SERVICES

Mr. WULCZYN. Thank you, Congressman Andrews, and members of the subcommittee. Thank you, very much, for inviting me before you to discuss foster care trends.

In the time that I have I would like to summarize three trends that seem to define changes that occurred in New York and Illinois between the years 1984 and 1989. These trends are caseload growth, rising infant placement rates, and placement in approved relative homes.

The analysis of trends in New York and Illinois starts with a comparison of admissions and discharges for each calendar quarter since 1983. Our findings are that caseload growth in New York and Illinois dates back to mid-1986. During the years leading up to 1986, the caseloads in both States were stable or declining, as in the case of New York.

The sharp increase in the caseload after 1986 was attributable to rising admission rates that were exacerbated by stable or declining discharge rates. In both States the volume of discharges from foster care systems tends to be highest during the warm months and lowest during the cold months. This cycle was evident even when the caseload was growing.

The second trend is the age at admission. The rapid increase in the number of children in foster care is at least partially attributa-

ble to the sharp increase in the risk of placement among infants, children under the age of one. Our analysis shows that in 1989 one in four foster care admissions in New York involved a child under the age of one; a comparable figure in New York City was one in three.

In Illinois, one in five first admissions involved an infant.

Between 1984 and 1989 the number of infant admissions increased by more than twofold in New York State and nearly doubled in Illinois. New York City and Cook County revealed even more startling increases. In New York State the number of infant placements per 1,000 live births jumped from 6 per 1,000 in 1984, to more than 15 per 1,000 in 1988. The rate of placement in Illinois climbed from 3 per 1,000 births to 5 per 1,000.

The cumulative placement rate in New York for children born in 1984 was 27 per 1,000 by the end of 1989. In other words, almost 3 percent of the children born in 1984 reached placement prior to the first grade. The same cumulative placement rate in Illinois was 18 per 1,000 births by 1989.

To elaborate on this somewhat, in some New York City communities the placement rates in the first year of life reached 10 to 11 to 12 percent. And the cumulative placement rate, based on current trends—provided they hold up and I think that is a critical precondition—means that in the hardest hit neighborhoods of New York City, placement rates could reach upwards of 15 percent by the time these children reach kindergarten or first grade.

The data for Illinois do show a similar or comparable trend but the patterns are somewhat more modest than in New York.

Last, placements in approved relative homes also characterize a recent rise in foster care caseloads. Approved relative placements refer to children who are removed from the home of their biological parents and placed with a relative. Although Illinois began placing children with relatives some 8 years before New York followed suit, the growth of relative home caseloads in New York and Illinois looks remarkably similar. In our study, we found that between 1987 and 1989 the period of most intense caseload growth, the number of children admitted to relative homes increased by 63 percent in New York City and 24 percent in Cook County. Relative placements tend to last longer than regular foster care placements. In New York City about 88 percent of the children placed with relatives in 1988 were still in care as of June 1990. The data for Cook County indicate that nearly 50 percent of the children placed with relatives in 1988 were still in placement on June 30, 1990. The comparable figure for regular foster care placements in Illinois was just under 35 percent.

This concludes my comments. Thank you, very much.

[The prepared statement follows:]

STATEMENT OF FRED H. WULCZYN
DEPARTMENT OF SOCIAL SERVICES
DIVISION OF FAMILY AND CHILDREN SERVICES

Chairman Downey, members of the subcommittee, thank you very much for inviting me to come before you to discuss foster care trends.

For my testimony today, I have prepared a selection of figures and graphs that depict recent changes in the utilization of foster care in New York and Illinois. These data are part of a larger study that compares New York, Illinois, and Michigan that is being conducted by the New York State Department of Social Services and the Chapin Hall Center for Children at the University of Chicago with help from the Center for the Study of Youth Policy at the University of Michigan. In the interest of time, I will highlight the most significant changes observed in New York and Illinois. I would be happy to make copies of the reports on which these data are based available to members of the subcommittee.

In the time that I do have, I would like to summarize three trends that seem to define the changes that occurred in New York and Illinois between 1984 and 1989. These trends are:

- o Caseload growth;
- o Rising intant placement rates; and
- o Placements in approved relative homes.

In addition, I would like to comment briefly on the process by which we have assembled data from multiple states because our experience may help define the prospects and problems associated with large multistate data bases.

Caseload Growth

The analysis of trends in New York and Illinois starts with a comparison of admissions and discharges for each calendar quarter since 1983. Our findings are:

1) Caseload growth in New York and Illinois dates back to mid-1986. During the years leading up to 1986, the caseloads in both states were stable (Illinois) or declining (New York).

2) The sharp increase in caseload size after 1986 was attributable to rising admission rates that were exacerbated by stable or declining discharge rates.

3) In both states, the volume of discharges from the foster care system tends to be highest during the warm months and lowest in the cold months. This cycle was evident even when the caseload was growing.

The data used to construct this picture of the foster care caseloads in New York and Illinois are presented in figure 1. Prior to mid-1986, the annual foster care census conducted by New York and Illinois found stable or declining caseloads, trends that were widely attributed to legislative reforms that embraced the permanency philosophy. Both Illinois and New York experienced what turned out to be a dramatic shift in their caseload dynamics during mid-year 1986. First, the number of admissions started to grow. Statewide data for New York indicate that total admissions increased by some 300 children between 1985 and 1986; and by 750 children between 1986 and 1987. The same data for Illinois show 72 more admissions in 1986 than 1985 and an increase of almost 1300 children between 1986 and 1987.

Second, rising admissions were not offset by rising discharges, as had been the case in previous years. In fact, the New York data reveal an 11 percent drop in the number of children discharged from foster care between 1985 and the end of 1987. Thus, it can be said that the dramatic growth in New York's foster care population was fueled by the combined action of rising admissions and falling discharges. For Illinois, the data portray a more straightforward scenario, but one with the same effect. From 1986 through 1987, the discharge data remained stable, meaning that the growth observed in Illinois is attributable largely to rising admissions.

Age at Admission

The rapid increase in the number of children in foster care is at least partially attributable to a sharp increase in the risk of placement among infants. Our analysis shows that:

1) In 1988, 1 in 4 first foster care admissions in New York involved a child under the age of 1. The comparable figure in New York City was 1 in 3. In Illinois, 1 in 5 first admissions involved an infant.

2) Between 1984 and 1988, the number of infant admissions increased more than two-fold in New York State, and nearly doubled in Illinois. New York City and Cook County reveal even more startling increases.

3) In New York State, the number of infant placements per 1,000 live births jumped from 6 per thousand in 1984 to more than 15 per thousand in 1988. The rate of placement in Illinois climbed from 3 per thousand births to 5 per thousand.

4) The cumulative placement rate in New York for children born in 1984 was 27 per thousand by the end of 1989. In other words, almost 3 percent of the children born in 1984 reached placement prior to first grade. The same cumulative placement rate in Illinois was 18 per thousand 1984 births.

Infant placement rates provide what is probably the best available indicator of how placement risk has changed over time. Found in figure 2, the data for New York and Illinois show a marked increase in the risk of placement among the very youngest children. In 1987 and 1988, both states witnessed a rather dramatic increase in the rate of infant placement. The placement rate climbed from 6.5 per 1,000 New York births in 1986 to 11.4 placements per 1,000 in 1987 and to 15.6 per thousand in 1988. In Illinois, the rate increased from 3.4 placements per 1,000 in 1986 to about 5 per 1,000 in 1988.

The most striking change in the rate of infant placement took place in New York City. In 1984, 957 members of the '84 birth cohort were placed in foster care before years end, a placement rate of 8.7 per 1,000 births or just under 1 percent of all 1984 births. By 1988, the number of infants placed increased to 3,563 for a placement rate of 28 per 1,000 live births. This later figure is equivalent to just under 3 percent of the children born in 1988. The data available for 1989 put the infant placement rate at about 33 per thousand births, or 3.3 percent of all children born.

To help put these increases into perspective, we used the placement data to calculate cumulative placement rates. That is, we examined how many children born in 1984 were placed in 1985, 1986, 1987, and so on. By doing so, we were able to estimate how many children born in 1984 were placed at least once by the time they reached kindergarten or first grade. These data, which can be found in figure 3, provide the most sobering assessment of placement risk to date.

According to New York State data, some 6,743 children who were born in 1984 had been in placement at least once by December 31, 1989. The cumulative placement rate for the 1984 birth cohort was nearly 27 per 1,000 births, or just under 3 percent of all the children born in 1984. For New York City, the cumulative placement rate for the 1984 cohort was 43 per thousand, or better than 4 percent of the children born in 1984.

The accelerated placement rates observed for the 1987 and 1988 birth cohorts are reflected in the cumulative placement rates. Our estimate of the cumulative placement rate for the 1987 birth cohort after just 3 years is almost 26 per 1,000 births. In other words, the rate of placement for the 1987 birth cohort after 3 years was nearly the same as the 1984 birth cohort after 6 years. Similarly, the 1988 cohort's cumulative placement rate was 24 per thousand, with just two years exposure to the risk of placement. The New York City data indicate that more than 4 percent of the children born in the city between 1984 and 1988 have been placed into foster care, even though each successive cohort has had a shorter period of observation.

The data for Illinois show a similar, though more modest pattern. After 6 years, the cumulative placement rate experienced by the 1984 cohort was 18.1 placements per 1,000 births. The cumulative placement rate for the 1988 cohort after two years stood at 9.8 per thousand, a level of placement that took the 1984 cohort 3 years to reach. In Cook County, nearly 2 percent of the children born in 1984 were placed at least once by December, 1988. For subsequent cohorts (except 1986), the cumulative placement rate exceeded 1.8 percent of the recorded births.

Placements in Approved Relative Homes

Approved relative placements refer to children who are removed from the home of their biological parent(s) and placed with relatives. Although Illinois began placing children with relatives some 8 years before New York, the growth of relative home caseloads in New York and Illinois looks remarkably similar. In our study, we found that:

1) Between 1987 and 1988, the period of most intense caseload growth, the number of children admitted to relative homes increased by 63 percent in New York City and by 24 percent in Cook County.

2) Relative placements tend to last longer than regular foster care placements. In New York City, about 88 percent of the children placed with relatives in 1988 were still-in-care as of June, 1990. The data for Cook County indicate that nearly 50 percent of the children placed with relatives in 1988 were still in placement on June 30, 1990. The comparable figure for regular foster care placements was just under 35 percent.

Data that show the dynamics of the relative home population can be found in figure 4. As figure 4 illustrates, the practice of placing New York City foster children with relatives gained substantial momentum in 1987, timing that coincided with the first full year of caseload growth. Data for New York City show about 824 first admissions into relative homes in 1986. During the following year, relative admissions increased to 4,223 children. In 1988, relative admissions increased an additional 33 percent, to 5,643 children. For 1989, the last full year for which data are available, relative home admissions totaled 7,099, an increase of 25 percent.

It is tempting to attribute the sharp increase in relative home placements observed in New York City to kinship policies that were implemented in 1987. However, data reported over the same time period in Cook County suggest that this explanation may be too simplistic. From 1986 to 1987, annual admissions to relative homes in Cook County jumped by 48 percent, from 1,346 in 1986 to 1,995 in 1987. Between 1987 and 1988, relative home admissions grew by another 19 percent. While the magnitude of change in Cook County was below the level recorded in New York City, the pattern and the timing of the increase in relative placements does imply that forces other than the policy change should be considered when evaluating the impact of relative homes on New York City's foster care caseload.

About the Study

When Congress passed the Adoption Assistance and Child Welfare Act of 1980, there was very little trend data available to policy-makers. Indeed, the lack of data prompted Congress to include provisions in the law that were designed to encourage states to invest in more sophisticated child-tracking systems. These investments are now paying modest dividends. In states like New York, Illinois, and Michigan that have had stable tracking systems that retain historical information, we can construct longitudinal data files that mirror the movement of children through the foster care system, start to finish. With these data it is now possible to render a variety of trends that describe the placement experiences of children in considerable detail.

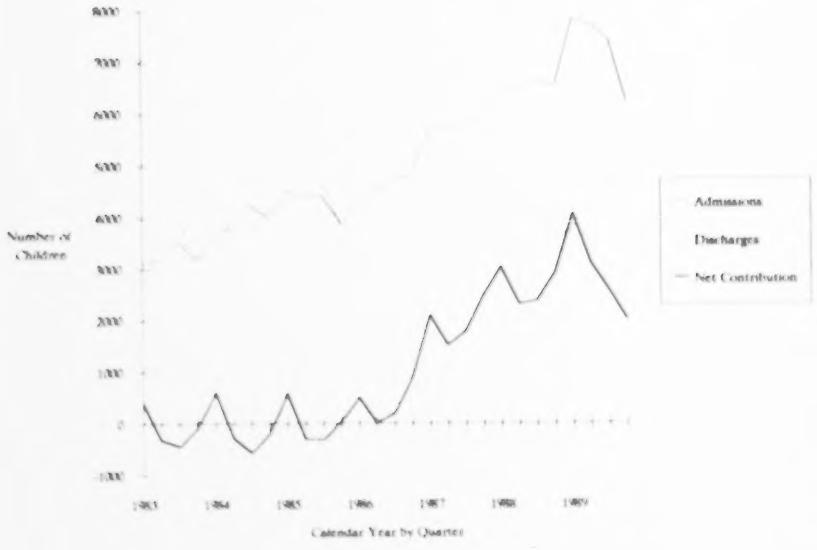
It is important to stress that the files constructed for this study are based on individual or child level records. We have not had to rely on aggregate data. Instead, we use the individual records to construct daily, monthly, quarterly, or yearly census counts of foster children and then use these counts as the basis of our trend analysis of caseload dynamics. The individual level data also enable us to study the movement patterns of individual children or groups of children so that we can determine whether children are staying in care longer, are more likely to enter a congregate care facility, or are returning to foster care more frequently.

There are, of course, real limits to the available technology. Nonetheless, our ability to understand foster care trends is far better than it was 10 years ago.

Again, I want to thank you for inviting me to speak to you today. I would be happy to answer any questions that you might have.

Figure 1

Total Foster Care Admissions, Discharges, and Net Contribution:
New York State, 1983 - 1989.



Total Foster Care Admissions, Discharges, and Net Contribution:
Illinois, 1983 - 1989.

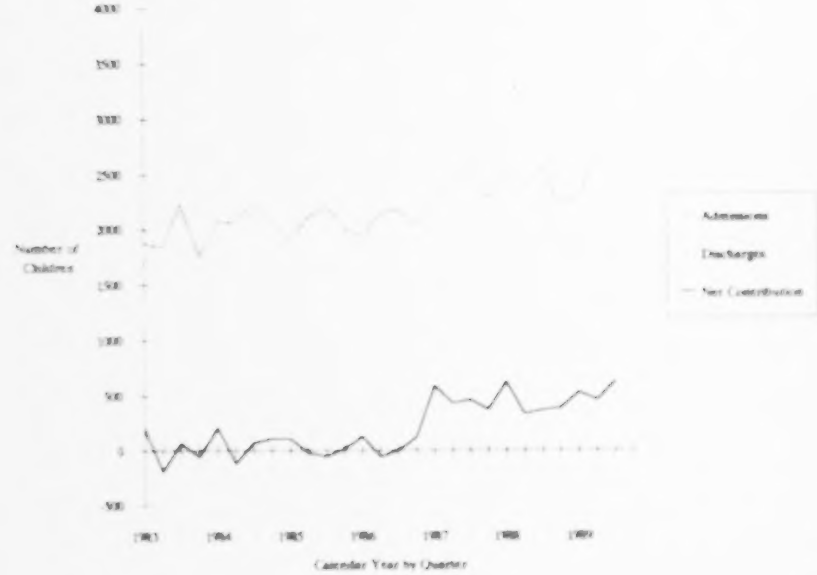
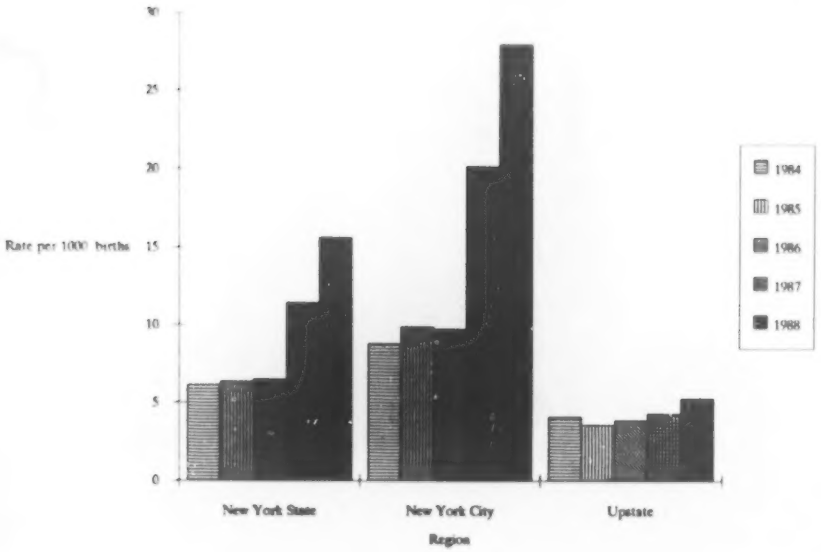


Figure 1

Number of Infant Placements per 1,000 Live Births
New York and Illinois, 1984 to 1988



Number of Infants Placed per 1000 Live Births by Region: 1984-1988

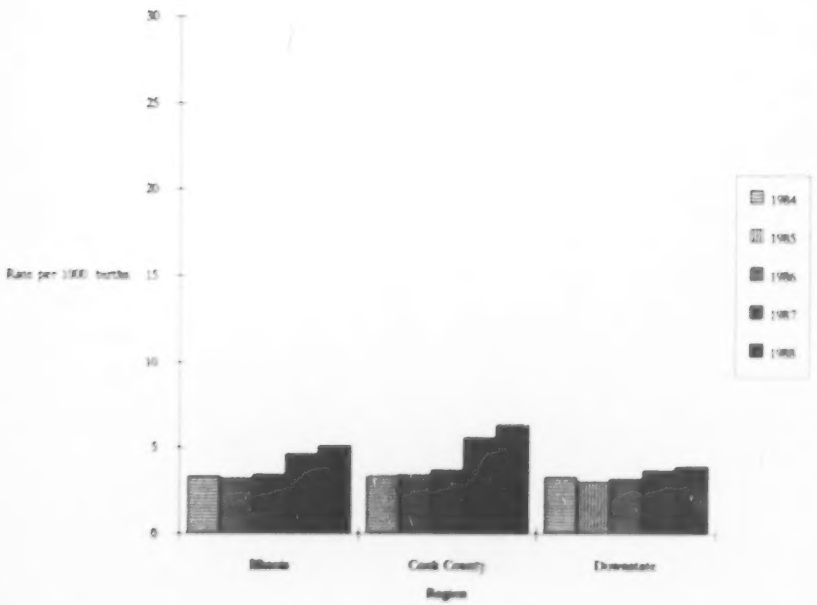
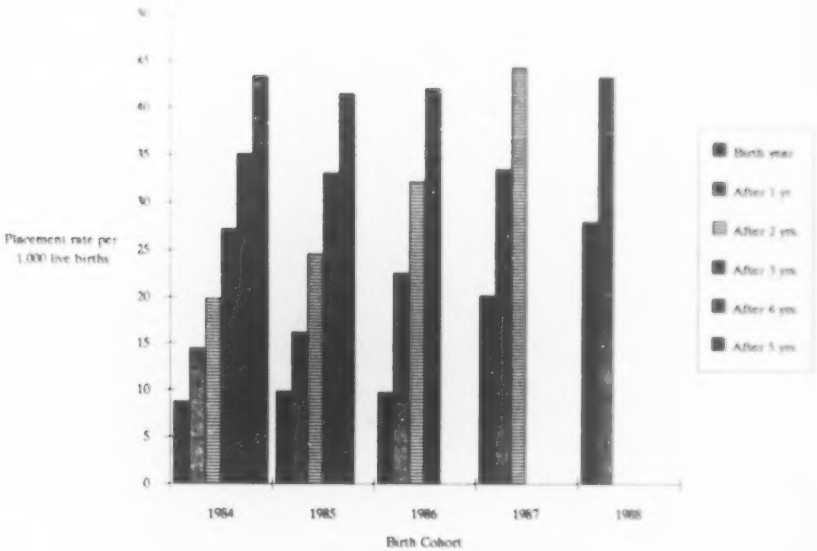
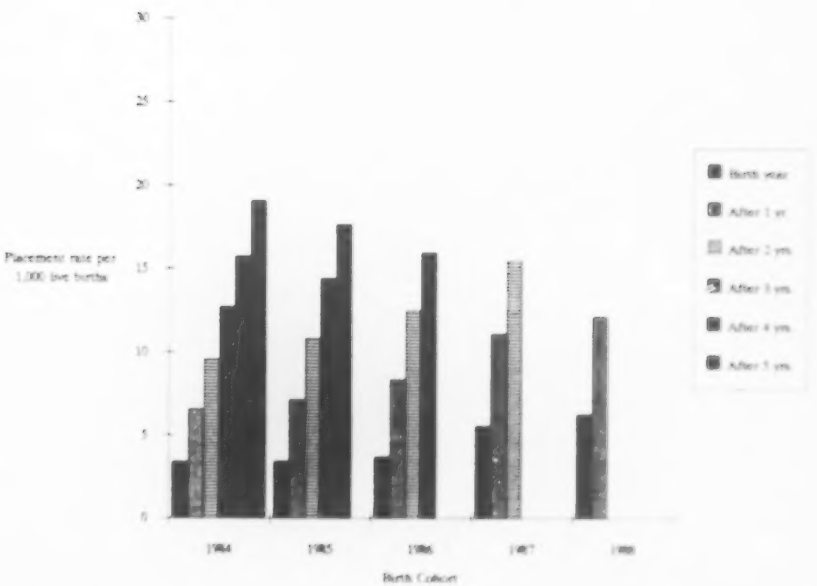


Figure 1

Cumulative Foster Care Placement Rates
New York City, 1984 - 1988 Birth Cohorts



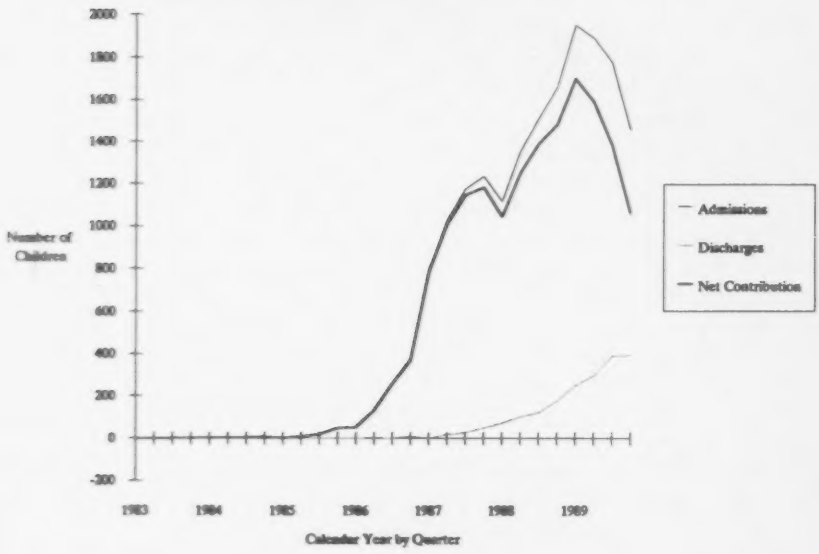
Cumulative Foster Care Placement Rates
Cook County, 1984 - 1988 Birth Cohorts



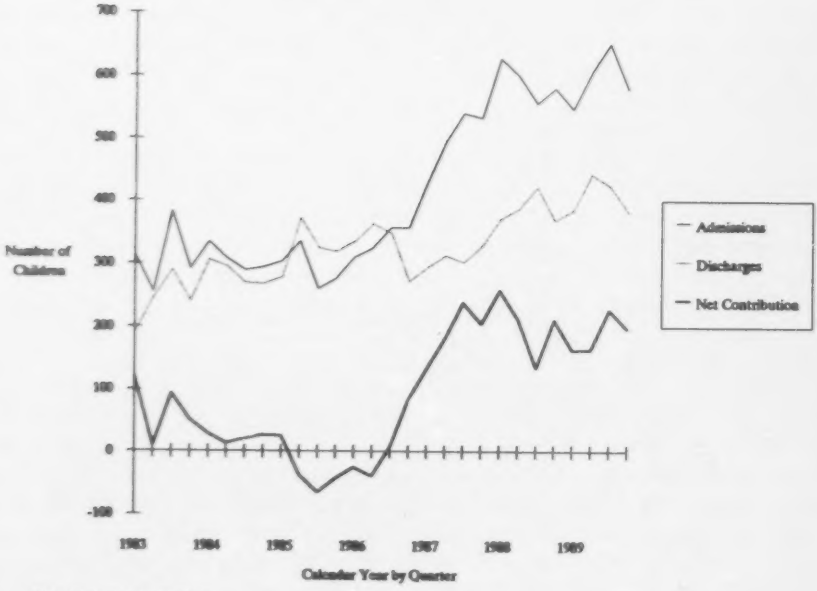
Note: base differs from New York City

Figure 4

First Relative Home Admissions, Discharges, and Net Contribution
New York City, 1983 to 1989.



First Relative Home Admissions, Discharges, and Net Contribution
Cook County, 1983 to 1989.



Note: Scale differs from New York City.

Mr. ANDREWS. Thank you, very much, Mr. Wulczyn.
Mr. Berlin.

STATEMENT OF GORDON BERLIN, SENIOR VICE PRESIDENT, MANPOWER DEMONSTRATION RESEARCH CORP.

Mr. BERLIN. Thank you, Mr. Chairman.

As a researcher I will discuss the need for better data and knowledge building in the child welfare field.

But also as a former official of the New York City Human Resources Administration, I wanted to take a moment to talk about the issues that local administrators also confront in this arena.

The crisis atmosphere in child welfare is obvious. We have heard a lot about it already this morning, but it is a crisis that is marked by conflict, confusion and conundrum. On one side are those who argue vehemently that too many children are being removed unnecessarily from their parents. On the other side of the debate are those who argue that children's neglect is the result of the child welfare system's failure to investigate soon enough, adequately enough, or monitor closely enough to remove them from danger or to intervene earlier.

Which story is correct? If you are an administrator faced with the conflicting demands being placed on you ever day, you are facing some very difficult problems.

The problem is that the answer to these questions are based almost entirely on anecdote and hope. There is very little empirical information in this field on which to base policy.

In this context, then what should the Congress do? I describe below two strategies I think should guide your deliberations. First, we desperately need to provide broad-based strategic support for a comprehensive knowledge-building agenda that includes longitudinal data concerning the flow of children into and out of care; about the decisionmaking process at key points in the child welfare system; and by looking at the efforts of interventions all along the continuum of care.

Second, we need to provide the staff training and program service support that administrators need to respond to foster care's three newest populations. As just described those are the coming into care of very young children, especially infants whose parents and/or sometimes the child tests positive for drugs; adolescents in need of independent living services who will age out of foster care; and the kinship foster care children. Those are the three new emerging trends. So while we think about how to improve the current system, we also need to give administrators the support they need to respond to these three new problems.

I will speak just briefly on the need for longitudinal data. Strides that we have made in the welfare reform area in the past Congress were based in large part on the availability of two kinds of information—longitudinal data from the Panel Study on Income Dynamics which told us who was most at risk of long-term welfare receipt and helped us think about the who and how of targeting JOBS services under that bill.

The second body of data were a remarkable series of experiments that were performed in the States with carefully controlled, ran-

domly assigned treatment and control groups that provided clear answers about what worked and what did not work for who. Congress was able to take that research information and use it to build good policy.

We desperately need both kinds of information in the child welfare field if we are going to make very good wise policies in the future. Thus, I would urge you to think strategically about the kinds of experiments that ought to be conducted, where they should be conducted, at which key points along the broad continuum of care, I would urge you to provide funding for high-quality longitudinal studies that will tell us a lot more about the flow of children into and out of care.

In my prepared remarks, I pose four conventional wisdoms for you to consider; you heard a lot about them already. They are family preservation services can prevent most foster care placements; children placed in foster care often are damaged by the experience; permanency planning should and can lead to rapid reuniting of families; prevention, in the broadest sense, is the key to stopping child abuse and neglect before it occurs.

But in each of those areas, as I detail in my prepared remarks, there is a body of data now appearing that challenges some aspect of those conventional wisdoms. For example, in family preservation, while available research data are not sufficient to conclude that family preservation does not work, results from three rigorous research studies using control groups raise some serious questions about it. Two of those controlled studies were very small and it is possible that if we did a larger study we might find an offset that was significant. In addition it may be that we are targeting these services at the wrong families. Or it may not be true that there is a very large group of children who were removed who would not have to be removed if family preservation services were provided. The only way to get a good handle on that is to do additional research.

The other area is, are children really worse off in foster care? There is a remarkable body of data indicating that children placed in foster care, many of whom have been followed over a long period of time, have come out with good outcomes. That is not the standard information that you hear out there. A lot of children are going to have to spend a significant portion of their childhood in foster care. We need to invest resources there to improve these expenses in foster care.

Will permanency planning solve the problem? One of the things that we have learned from some of the work that has been done in longitudinal studies is that surprisingly large numbers of children entering foster care have been in foster care before. We reunited the family but we didn't do our homework well and now we have to take the child back. I think this is a major area to take another look at.

And, finally, is prevention the answer? It could be the answer if we do enough work helping us to predict who is really at risk of abusing and neglecting their children. Without good information of that kind we could spend a significant amount of money and not really reduce the foster care population, nor have a major effect on abuse and neglect overall. That is not to say that children would

not be better off, they would be. But we need more information if we are going to understand whether these services would actually reduce the incidence of neglect and abuse.

The previous witness has already told you more about the groups of children coming into care. Obviously we need to deal with the lack of funding for drug treatment for women who have young children. We also have to focus more on uniting the independent living efforts with job training for youth; programs that we have tried previously. We are asking the foster care system to basically reinvent the wheel in that area.

And last, kinship foster care. The whole concept really turns the notion of permanency planning on its head, because children in kinship homes are much less likely to be returned to the biological parent or be adopted since the child is already with the relative. A relative placement used to be one of the goals of permanency planning, if not a direct return to the parents then a return to a relative. Now relative placements are foster care. Some alternative like guardianship is necessary.

So those are the areas that child welfare administrators are having to struggle with. And they are areas where we don't have a lot of good information. So I am encouraging you to do whatever you can to help us develop a knowledge building strategy to address these needs.

Thank you.

[The prepared statement follows:]

STATEMENT OF GORDON BERLIN
MANPOWER DEMONSTRATION RESEARCH CORPORATION

INTRODUCTION

Good morning, Mr. Chairman and members of the Subcommittee. I am Gordon Berlin, Senior Vice President of the Manpower Demonstration Research Corporation (MDRC), an independent nonprofit organization that designs, develops and studies social welfare programs. Thank you for the opportunity to testify at today's hearing on the state of the nation's child welfare system.

As a researcher, I will discuss the need for better data and knowledge building in the field of child welfare, and as a former official of the New York City Human Resources Administration, the largest human service delivery system in the country, I will describe what I believe are the major issues confronting state and local child welfare systems.

The crisis atmosphere in child welfare, in child abuse and neglect, in foster care and in adoption is palpable. But the crisis is marked by conflict, confusion and conundrum. On one side, are those who argue vehemently that too many children are being removed unnecessarily from their parents. A recent New York Post series even went so far as to contend that the New York City system was "kidnapping" thousands of children from their parents. If more resources were available for prevention, the newspaper declared, families could be kept together.

On the other side of the debate are those who witness the horrible consequences of tens of thousands of parents who beat, starve, abuse and neglect their children. These children live in unimaginable conditions without regular meals, a safe place to sleep, clean clothes, health care or supervision. While child welfare workers have to make decisions every day about when difficult – even awful – living conditions are dangerous, we only learn about the worst of these cases, the rare incidents that make newspaper headlines. These stories often argue that children are neglected because the child welfare system did not investigate thoroughly, act quickly enough or monitor closely enough to remove them from danger.

Which story is correct? Are we removing too many children unnecessarily? Or, conversely, are we failing to remove children soon enough? Are children languishing in foster care, worse off than if we had left them with their neglectful parents? Is foster care bad for children? Do preventive services work? And finally, should parents' rights be severed and adoption occur sooner and more often?

These are the questions that loom large in the child welfare debate. But answers to these questions are based almost entirely on ideology rather than reliable empirical information. Underlying the debate is an implicit but fundamental disagreement concerning the child welfare system's goals: Should the child welfare system's mission be to promote child development in the broadest sense or should it focus on protecting children from abuse and neglect? Is it fair to measure a child welfare system's effects on the basis of child development when children are growing up in such shocking conditions? Simply put, should we be looking for positives or the absence of negatives? Child welfare administrators have to decide now how to balance the conflicting goals of the system – protecting children and keeping families together. Tragically, children's futures hang in the balance.

In this context, what can the Congress do? As I describe below, two strategies should guide your deliberations: (1) Provide broad-based strategic support for a comprehensive knowledge-building agenda. (2) Provide the staff training and program service support administrators need to respond to foster care's three newest populations: very young children, especially infants who test positive for drugs; adolescents in need of independent living services; and kinship foster care children.

BUILDING KNOWLEDGE FOR THE 90'S

Any legislative initiative to reform child welfare and test new approaches must support the establishment of high-quality longitudinal studies and carefully controlled experiments, such as those conducted in the poverty and welfare fields over the last twenty years. Studies using the Panel Study of Income Dynamics (PSID) and the National Longitudinal Survey of Youth (NLSY) have provided us with substantial data on the dynamics of poverty and welfare dependency, as well as who the long and short stayers are, and thus have helped us target our intervention strategies. Unfortunately, no comparable body of "dynamics" research exists in the child welfare field.

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Understanding the characteristics and circumstances of those families who enter a prevention program or foster care, of those who stay for very short periods of time versus those who stay for long periods of time, the type and intensity of services they receive, and the factors associated with different outcomes – including repeated occurrences of abuse and neglect necessitating returns to foster care – is an essential step in planning a long-range intervention and evaluation strategy that could advance knowledge in this field and guide an agenda for reform. Unfortunately, most of the studies in the child welfare field are based almost exclusively on cross-sectional or "snap shot" samples of active cases. These records tend to distort the true picture. For example, children in long-term care are overrepresented in cross-sectional samples because those who remain in care a long time accumulate on the active caseload, whereas most of the large group of children who enter and leave the system quickly are not included in a point-in-time sample. Consequently, the characteristics of children in care at any point tend to be weighted towards the characteristics of children in long-term care. In this type of research, attention is drawn away from new entrants, the process of exiting and the differences between short and long stayers. Thus, the Congress should authorize, require and support the establishment of high-quality longitudinal data sets in at least five states or cities representing a diverse range of geographic and demographic characteristics to provide such critical information.

In addition, there is also a need for research and demonstrations to evaluate the relative effectiveness of child welfare interventions. Experiments that involve the random assignment of treatment and control groups have proven invaluable in advancing our knowledge in the welfare-to-work field. When carefully designed, they provide the kind of strong and valid evidence that is needed in formulating policy. The Family Support Act drew heavily on the results of rigorous studies that told us which programs worked for whom. We now know a good deal about the effectiveness of a range of job search assistance and training programs in increasing employment and earnings of welfare recipients and reducing welfare payments, but we know next to nothing about the impact of social services on troubled families at risk of abusing and neglecting their children. A comparable body of demonstration research is needed in child welfare. But we must proceed cautiously, paying close attention to the ethics of random assignment, insuring that the study design protects children and that no child is put at added risk. In a very real sense these are life and death choices. Similarly, the confidentiality of records must be protected while the Congress ensures access to these records for research purposes. If we proceed responsibly, the immediate needs of children and the long-range need for information on what works can be met.

FOUR CONVENTIONAL WISDOMS

What the field of child welfare lacks in reliable scientific data it makes up for in conventional wisdoms. Four have dominated the field and have guided public policy over the last decade: (1) "family preservation" services can prevent most foster care placements; (2) children placed in foster care are often damaged by the experience; (3) permanency planning should lead to rapid reuniting of families; and (4) prevention is the key to stopping child abuse and neglect before it occurs. In fact, the limited data now emerging from randomized experiments and longitudinal tracking of children placed in foster care challenge each of these conventional wisdoms.

1. Family Preservation: Can the Promise Be Realized?

Outcome data from family preservation programs indicate that family preservation programs work. Children deemed at "imminent risk" of placement who were referred to these programs were rarely placed in foster care. Assuming that virtually all of these children would have been placed, evaluators multiplied out the cost of the average foster care placement and concluded that family preservation programs were remarkably cost effective. But two recently completed controlled studies conducted in New Jersey and California, employing rigorous research methods, challenge this conclusion. When those who participated in the program were compared to a randomly assigned control group, neither study found a significant decrease in foster care placement rates 6 to 12 months after the termination of family preservation services. More importantly, these studies indicate that services were not being delivered to families for whom they were intended – those whose children were most likely to experience placement. In fact, one reviewer of these studies, now conducting a similar study in Illinois, questions whether there is a large group of children removed inappropriately for whom family preservation services could prevent a placement in foster care.

Family preservation may well be effective. The point is we don't know. The New Jersey and California controlled studies relied on very small samples and thus were unable to reliably detect modest differences in placement rates between the two groups. In addition, the studies relied primarily on a single measure – prevention of a foster care placement – to measure effectiveness. But if most children who are removed from their families are judged to be in too much danger for the caseworker to try referral to a family preservation program instead of recommending placement in foster care, it may still be appropriate to test these services with other families where abuse and neglect has occurred but is not judged serious enough to warrant removal of the child from the family. In these cases, where families stay together but generally receive no services beyond periodic monitoring, family preservation services may appreciably improve the well-being of children, even though the goal of preventing foster care placements is not achieved, since these are not the children who would have been placed.

2. Are Children Placed in Foster Care Worse Off?

Despite the negative aura surrounding foster care, a substantial body of literature indicates that, for many children of families in which abuse or neglect has been substantiated, placement in a stable foster care setting yields positive outcomes. A major longitudinal study conducted by David Fanshel and Eugene B. Shinn of Columbia University tracked 600 foster children in New York City for five years and found that children who remained in foster care fared as well with respect to intellectual abilities, school performance and personal and social adjustment when compared to those who were returned to their homes. The authors concluded that the empirical data gathered in this study "(did) not support such a jaundiced view of the system of foster care for children."

Fanshel also took part in another study of children in foster care, this one in five western states. The authors studied 585 teens placed with the Casey Family Program, a Washington State-based program that offers long-term foster care for troubled adolescents, many of whom experience multiple placements. Fanshel found that almost 60 percent of the teens were successfully sustained in the program until emancipation. Moreover, those teens who were doing relatively well when they left the system were able to overcome the disadvantages of their backgrounds and lead emotionally and financially stable adult lives.

In her 1983 published report on former foster children in New York City, "No One Ever Asked Us – A Postscript to Foster Care," Trudy Festinger concluded that "the assumptions and expectations that abound concerning the dire fate of foster children seem to have little validity. Contrary to what many believe, the young adults who Festinger followed in her study were not unduly dependent on public support and their records of arrest were not excessive. Overall, she found, "they were not so different from others their age in what they were doing, in the feelings they expressed and in their hopes about the future."

In short, the research findings are clear: Foster care has helped many children. Because a significant number of children will spend a significant amount of time in foster care, we should turn our attention to improving it in every way possible. Good foster care deserves as much effort as permanency planning.

3. Does Permanency Planning to Reunite Families Solve the Problem?

The emphasis on permanency planning translates into an emphasis on reuniting families quickly, in most cases. Both the law and societal convention hold that children are always better off with their parents except in extraordinary circumstances. This belief seriously influences decisions to reunite families. But for a significant minority of children, reunification leads to instability and added risk. By some estimates, as many as one-third of all foster care children returned to their parents are subsequently replaced in foster care. This means that there are serious weaknesses in the process agencies use to decide who should be returned and who should be retained in foster care.

To learn more about the risk of reentry, the New York State Department of Social Service conducted a study that tracked all children admitted to foster care for the first time in 1984 and 1985. The authors found that nearly one-quarter of the children in the study were returned to placement. One-third of the children between the ages of 10 and 12 returned to care after discharge. The figures are even higher for minority males in this age group. The same study found that reentry into foster care was more likely to occur among children who experienced an

initial placement lasting fewer than 90 days: About one-third of children discharged from a placement lasting less than 90 days eventually returned to care.

In short, permanency and reunification are not the same. The goal of permanency should be subsidiary to the goal of improving the safety and well-being of children.

4. Is Prevention the Answer?

In an ideal world, "preventive" services would prevent abuse and neglect from occurring in the first place. And, in fact, the American Public Welfare Association, in their report "A Commitment to Change," calls for a range of family support and other services for families at risk of abusing and neglecting their children. I would add to that list an increase in AFDC benefits, which have declined 40 percent in real terms over the last decade. Nevertheless, as good as they sound, these broad-based reforms have a potentially fatal flaw: They depend on their ability to target families that are genuinely at risk of abusing or neglecting a child. But abuse and neglect are rare events. Even placement into foster care is a rare event. Without development of indicators that can accurately predict at-risk families, it is unlikely that broad-based prevention efforts can have a measurable effect on abuse, neglect and foster care placements. Nevertheless, children may benefit in other ways from these initiatives, making them well worth the cost.

A recent assessment of the effectiveness of New York City-funded child welfare prevention services is a possible case in point. In 1989, the City provided over $60 million a year to nonprofit agencies for preventive services. Until recently, these agencies took few referrals from the City's child welfare agency. Instead, they did outreach and recruited families from the community whom they judged to be at risk of abusing or neglecting their children. The City paid for an assessment of the effectiveness of these interventions. A comparison group methodology was used to compare families receiving preventive services to other families in the community who were not served. Both sets of families were assessed using child well-being scales. No differences between the families were found, and all of the families were judged to be well-functioning on these scales both before and after the intervention. Even more worrisome, while New York was increasing the amount of money it spent on prevention, foster care rolls were skyrocketing. Without a mechanism for targeting at-risk families, broad-based prevention programs may not measurably reduce the incidence of abuse and neglect and subsequent placements in foster care. However, supports for poor families may make life objectively better for children.

My point in contrasting these conventional wisdoms with some findings from research studies is not to suggest that they are wrong. Rather, it is to underscore that there is much more heat than light in this arena.

Clearly, longitudinal data and experimental evaluations are beginning to have an effect on our thinking about conventional wisdoms in child welfare. We need more research studies, studies that are designed to untangle the complex issues embedded in the seemingly simple question: What works for whom?

INTERVENING IN THE CHILD WELFARE SYSTEM

To shed critical light in this area, strategic, systematic research must be conducted at each of the critical intervention points in the child welfare system. It would be a mistake to focus on any single intervention or any single outcome. Key intervention points where careful, rigorous research is needed include:

- Preventing Neglect and Abuse: Programs like JOBS, family support, drug treatment and other interventions could help poor families by providing training, education, child care and counseling services that might improve family functioning, finances, housing and other factors correlated with higher rates of future child abuse and neglect. The economic position of poor families has deteriorated appreciably over the last two decades. Broad-based supports and services for these families could improve the well-being of children. To have an effect on foster care placements, research on targeting strategies will have to be part of these efforts.

- Preventing Recurrences of Neglect and Abuse: This category includes family preservation and other family-centered placement prevention programs. These programs are committed to maintaining children in their own home, whenever possible, by providing intensive services designed to relieve the pressures that may have led to abuse or neglect. Large-scale tests are necessary here.

- Improving Children's Foster Care Experiences: Unfortunately, the emphasis on prevention and permanency has caused too little attention to be paid to improving the quality of foster care. States are having difficulty recruiting and retaining foster parents. Increasingly, children are entering the system with special needs, but federal funding for training regular and "special needs" foster parents is not adequate. The need for group care, particularly for adolescents with troubled histories, has been well documented, but good developmentally supportive group care is in short supply. Research on what works for which children in foster care is crucial, especially with respect to very young children, special needs children, and those in long-term foster care situations. Virtually no attention has been paid to kinship foster care, a subject I will discuss later.

- Reuniting Families After Placement: When children are removed, "permanency planning" – preferably by reuniting mother and child – is the primary goal. While all child welfare systems include a series of case-handling requirements designed to advance this goal, the criteria caseworkers use in determining whether to recommend that a family be reunited vary considerably and are not well understood. The development of formal intervention strategies at this stage of the process is essential. Services for mothers are seldom prescribed or funded. Instead, the decision to return often hangs primarily on the mother's effort to visit her children and on the home situation and financial circumstances. Efforts to help the mother improve her ability to care for the child are rare. Interventions that speed up the process of reuniting families would reduce average lengths of stay, the point-in-time number of children in care and costs and pressures on the system.

- After-Care Once a Family Is Reunited: Intervention strategies are critical to help prevent reabuse and replacement. After-care interventions are rare. Families may be visited for three months after a child is returned to observe the home environment, but few services are provided. Interventions that keep families together once they are reunited could have a dramatic effect on foster care caseloads.

NEW DEVELOPMENTS IN FOSTER CARE

The foster care system in this country has undergone substantial changes over the past decade. We have witnessed dramatic fluctuations in the number of children in care, a profound shift in the age distribution of these children and the emergence of a very different service delivery system.

In 1980, Congress passed the Adoption Assistance and Child Welfare Act (Public Law 96-272), and in the process created the current child welfare system. Fearing that children were "drifting" in care, that they were inappropriately placed – frequently for excessive periods of time in more restrictive settings than necessary – Congress redirected fiscal incentives (and sanctions) toward preventing foster care placements and promoting permanency. Consistent with these policies, the emphasis in child welfare over the past decade has been on permanency planning. Permanency planning made a positive difference. As agencies began to focus more attention on children already in foster care, the process of planning for permanency resulted in thousands of children being returned to their families. As a result, as children left foster care and as length of stay decreased, foster care rolls declined dramatically between 1980 and 1985. At any one point in time in 1977, there were about 500,000 children receiving foster care services. By 1985, the number decreased to 275,000. Moreover, the amount of time children spend in care decreased by nearly a year – from a median of 2.4 years in 1977 to 1.5 years in 1985.

Then, suddenly, everything began to unravel. Despite continuing increases in preventive services funding, the foster care trend reversed itself and shot upward. Today it stands at over 360,000. This abrupt turnaround paralleled the alarming increase in child abuse and neglect reports, which

rose from 1.1 million in 1980 to 2.4 million in 1989. Allegations of abuse and neglect are now beginning to show signs of abating in New York City and elsewhere. During the City's last fiscal year, which ended in June, abuse and neglect reports were down 7 percent from the previous year. They are also down for the first half of this fiscal year.

The swelling of the foster care rolls has been largely attributed to the dramatic increase in drug use among women of childbearing age, deepening poverty and the ever-shrinking pool of affordable housing. More children and their families are now mired in poverty, nearly three million more than a decade ago. More families are headed by single-parents. At the same time, crack, and a new wave of drugs just hitting the streets, has attacked the underpinnings of much of the remaining strength in poor families. These forces increased the pressure and stress on poor households, pressures that can increase the possibility of neglect or abuse occurring.

The explanation for caseload growth does not end here, however. Consider that foster care caseloads also rose since 1985 in places such as Maine and Vermont, where crack abuse is not a major factor. Consider too that poverty began to worsen in the early 1980's, at the same time the foster care rate was on the decline. In short, neither worsening poverty nor increasing drug abuse adequately explains the reversal of the downward trend in foster care caseloads that had prevailed until 1985. In fact, between 1980 and 1985, Public Law 96-272's emphasis on permanency planning did move more children out of long-term foster care, initially offsetting the longstanding effect of deepening poverty. But just as permanency planning was achieving its intended effect, three new developments began to lengthen time in care.

BEHIND THE TRENDS: THREE EMERGING POLICY DILEMMAS

Perniciously, three new groups accounted for much of the growth in the foster case caseload after 1985 in big cities such as New York: (1) very young children – 0 to 3 years of age – including those babies who test positive for drugs, (2) adolescents in need of independent living skills, many of whom are increasingly troubled and have multiple problems, and (3) kinship foster homes, where a rapidly growing group of children entering the system are placed with "approved" relatives, who are paid to care for them as foster home providers. For a variety of reasons, these groups are less susceptible to the traditional permanency goals, that is, reunification and adoption, and will stay in care longer, driving the foster care rolls upward.

1. The Influx of Infants

Many more infants and very young children are entering care. In 1985, 35 percent of children entering care were under age 6; in 1988, 42 percent were. While only 19 percent of New York State's foster care caseload was under age 5 in 1980, by 1989 that proportion had reached over 50 percent.

A growing subset of children are born testing positive for drugs. Douglas Besharov, the former director of the National Center on Child Abuse, estimates that 1 to 2 percent of all babies born in the United States have been exposed to cocaine. Dr. Margaret Heagarty, of Harlem Hospital in New York City, estimates that in low-income urban areas around the country, 10 to 20 percent of newborn infants are exposed to cocaine *in utero*.

A large number of these drug-exposed infants require foster care and other specialized services. In a survey conducted by the U.S. Department of Health and Human Services, the agency found that 30 to 50 percent of drug-affected babies go into foster care and that 50 to 70 percent go home to a mother or relative.

For a large number of these infants, the permanency goals of family reunification and adoption are unrealistic. Crack is notoriously difficult to treat, and there is a severe shortage of programs willing to accept pregnant and postpartum women. Barriers to adoption are also significant. Some prospective adoptive parents fear the long-term and as yet unknown effects of crack on children and the possibility of AIDS. For those who choose to adopt, the process could take years. Legal rules and social attitudes make terminating parental rights a long and difficult affair. Statistics bear these problems out. According to one New York City study, 60 percent of the babies discharged from hospitals to foster care were still in foster homes three years later. Another 30 percent had been returned to parents or relatives. Only 7 percent had been adopted.

Two years ago, New York City proposed a major drug treatment and case management program for substance-abusing parents known to the child welfare agency. If fully implemented, the program would serve 10,000 cases involving 20,000 children each year. The program employs a variety of treatment options, including outpatient services, detoxification, residential programs and acupuncture. Families in the program receive intensive counseling and monitoring to ensure the health and safety the children at home and to provide parent training, support groups and assistance in obtaining other services. Unfortunately, because of local funding restraints, the program has been off to a slow start. Federal funding to develop comprehensive service packages such as the one I have just described is essential. In addition, Medicaid funding to expand the availability and accessibility of drug treatment for women is also crucial.

2. Permanency Planning for Adolescents

On the other end of the age spectrum are the more seriously troubled, difficult and often multi-problem adolescents in care. Although adolescent admissions to the child welfare system may not be increasing, and may in fact be declining in some areas, teenagers are staying in the system longer. A large portion of adolescents remain in placement until they reach the age of emancipation, since the accepted permanency options of returning home or being adopted are often not realistic ones.

The preponderance of teenagers in the system has produced a new set of problems. Preparing an increasing number of youths to make the transition from foster care to a life of self-sufficiency poses a particular challenge. According to some estimates, 28 percent of the foster care population will need independent living services. Only 10 percent of foster children actually have a formal plan for independent living. Independent living programs – which offer a range of services including academic support, vocational training and life management skills – are relatively new and untested. Little systematic information is available on the effectiveness of different service models. As is true of foster care in general, independent living programs have received too little attention and not enough funding.

It is crucial that we not ask foster care agencies to reinvent the wheel. School-to-work transition programs such as Jobs for America's Graduates and the venerable Job Corps have established track records in successfully introducing disadvantaged youths to the world of work. Youth employment programs have materials, curricula and program strategies developed to serve dropouts and high school graduates alike. Independent living programs should be structured to take advantage of these offerings. Independent living programs should become significant referral sources for youth employment programs.

3. Kinship Foster Care

The fastest-growing component of the New York and potentially the nation's foster care system is a program that began in New York City and elsewhere in the mid-1980's that gives cash payments to blood relatives who care for children. Kinship foster care gives aunts, grandmothers and other relatives the same benefits with the same requirements that unrelated foster parents have in caring for abused or neglected children. Relatives have always been an important source of substitute care when parents become incapable of caring for their children. Placement with relatives is not a new phenomenon. What is new is government's involvement in monitoring and supervising such arrangements. While these placements were previously made, relatives were not certified as foster homes, nor did they receive the foster care stipend. If the child was eligible for AFDC, the relative received public assistance on behalf of the child. In all cases, the AFDC rate is lower than what foster parents receive. In New York City, for example, the monthly foster care payment is at least double the AFDC payment for the same child.

When New York City first implemented its kinship foster care program in 1987, it projected a caseload of approximately 1,400 children; New York State projected that there would be no significant fiscal impact. Today, the program serves 20,000 children (over 40 percent of the foster care caseload) and is operating at a rate of over $100 million in annual expenditures. This trend is mirrored in Illinois, where there was a 121 percent increase in relative foster care between 1986 and 1990.

Kinship care is associated with much longer durations of care. A study in Illinois revealed that children in kinship care tend to exit at only one-fifth the rate of children in regular foster care. Of all first admissions in 1987 in New York City, over 80 percent of the children whose first

placement was in the home of an approved relative were still in care as of September 30, 1989. In contrast, about 40 percent of the children placed in regular foster care were still in care. For those children discharged from regular care, about 40 percent were discharged within 12 months. Less than 10 percent of all 1987 kinship placements ended within one year.

Kinship foster care raises a host of policy issues. It is evident that traditional assumptions about foster care cannot be applied here. The social dynamics, service needs and casework practice of the cases are decidedly different. For example, parental contact and visitation are often special problems for these cases and difficult to monitor and control. Although a relative caretaker is required to seek governmental approval before the biological parent can visit, to have to turn away one's own daughter or other close relative poses a special moral and emotional dilemma.

Reconciling existing permanency goals presents one of the greatest challenges. The primary goal – reunification with the child's natural parent – is less likely to be attained when a child is in the care of a relative. Some have argued that the financial benefits of kinship foster care create a disincentive for families, most of whom are on AFDC, to reunite. The goal of adoption is not realistic, since family members are often reluctant to take part in a legal action that involves severing the parental rights of a relative. Preparing the child for independent living is also not feasible, since children in kinship foster care are concentrated in the younger age groups, most are under 13 years of age.

Clearly, an alternative to these permanency options is needed. Establishing a permanent legal status such as guardianship, which offers financial support based on the subsidized adoption model and eliminates the supervision requirement, may be one such alternative.

CHILD WELFARE AGENCIES RESPOND

Local child welfare agencies have had to adapt and respond to meet the changing needs of children and families. For the system, the new constellation of problems confronting families, especially poor families, has meant more allegations to investigate, more court cases to remove a child and a need for thousands of new foster care slots. In the end, the solutions are in the hands of local administrators, who must force-fit existing funding sources and patch together new approaches to address these new problems.

Much of the child welfare crisis is placed at the feet of "the system." While it is true that child welfare systems have many flaws, it is also true that they do some things well. With few exceptions, child welfare systems have managed to stay abreast of the many mounting challenges. In New York City, for example, as of April 1990, despite a 72 percent increase in allegations, investigations were initiated within 24 hours 98 percent of the time, and virtually every child in need of placement got one. In just three years, over 10,000 new foster boarding home providers were recruited. In 1987, there were 250 hospital "boarder babies" each month waiting to be discharged home or placed in foster care. It was taking an average of 36 days to do so. In early 1990, there were 400 to 500 such babies, but it was taking only five days. In addition, caseloads were down significantly. No child welfare worker's caseload was over 30; most were less than 20.

Managing such a system is not without costs. It is therefore not surprising that, nationwide, foster care administrative expenses have risen over 800 percent since 1981. The increase in paperwork imposed by the requirements of Public Law 96-272 and state child welfare reform laws has been a major factor in driving administrative costs up. States have been accused of claiming illegal or inappropriate reimbursement, or as one HHS official put it, of "gaming the system." Despite findings of the HHS Inspector General and the Departmental Appeals Board which challenge this notion, the Administration has been intent on narrowing the scope of permissible activities allowed under administrative functions and has even proposed capping administrative expenses entirely.

I have just offered you a glimpse of the issues the local administrators who are responsible for delivering services confront. Let us now look at what it is like to be on the front line of the system.

The courts determine whether a child is placed in foster care. It is the child protective caseworker, however, who arrives on the scene within hours of receiving a report of abuse or neglect. On that visit, the worker must judge whether the child appears to be at "imminent risk" of harm and, if so, he or she must physically remove the child from the home. Few of us are

prepared to confront the situations and make the decisions these fresh-out-of-college 22-year-olds are asked to make. Moreover, they are asked to make these decisions in an environment that demands 100 percent accuracy, since a one percent error rate in New York City is equivalent to 600 deaths per year.

In this great gray area of neglect, the decision to remove a child from a parent is highly subjective. Caseworkers have very little scientific evidence to guide the decisions they must make about protecting children in danger. They rely on hard-won, practice-based knowledge that, all too often, does not get expanded and broadened by experience because of the high rate of caseworker turnover in child welfare. Again, longitudinal studies could help refine this knowledge base. A well-trained staff is critical to the system and to children. Workers must be provided with the tools to do a proper job. Better tools for risk assessment and decision-making and adequate funding to strengthen staff training are crucial to reforming the child welfare system.

CONCLUSION

It is heartening to see legislative proposals coming out of Washington that recognize the need for research and demonstrations in the child welfare arena. I look forward to seeing the reintroduction of Congressman Downey's Family Preservation Act of 1990, H.R. 5020, which included funding for states to conduct a variety of demonstrations and evaluations. Senator Bentsen's bill, S.4, which authorizes $8 million over five years to conduct evaluations of child welfare programs is also an important step in the right direction.

But, as I have emphasized throughout my testimony, the field also needs a knowledge agenda to ensure that these resources are spent strategically in advancing our understanding in what works for whom. And, child welfare administrators need support to help them address the new generation of child welfare problems.

Mr. ANDREWS. Thank you, Mr. Berlin.
Ms. Isaacs.

STATEMENT OF JULIA B. ISAACS, ANALYST, BUDGET ANALYSIS DIVISION, CONGRESSIONAL BUDGET OFFICE

Ms. ISAACS. Thank you.

I am pleased to appear before the subcommittee to discuss the Congressional Budget Office's analysis of growth trends in foster care. Federal costs for this entitlement program have doubled in the last 5 years, increasing from $550 million in 1985 to $1.1 billion in 1989. CBO analyzed this growth and found that both caseloads and costs per child have grown rapidly in recent years.

If no change is made in current policy and this growth continues, costs will rise to $2.3 billion in 1992 and $4.2 billion in 1996.

As the previous witnesses said, Federal data collection is limited in this field. The Congressional Budget Office analysis focuses on three measures of program activity that are reported to the Department of Health and Human Services—caseload, maintenance payments, and costs for administration, services, and training. I will discuss each area briefly, starting with the title IV-E caseload or the number of children in foster care.

Between 1981 and 1984, the caseload was relatively flat, hovering around 100,000 children. Beginning in 1985, the caseload began rising, with sharper growth since 1987. This is shown in figure 1 of my testimony. By 1989, the caseload was more than 156,000. This is just the children in Federal foster care, which is about 40 percent of the total caseload, which by 1989 was 360,000 children.

There are significant variations in the size of the caseload among the States, as shown in table 1, which lists States by size of caseloads. With caseloads of approximately 35,000 each, California and New York top the list. Together, these two States represent 45 per-

cent of the children in Federal foster care, but only 19 percent of all children under age 18.

The growth in maintenance payments has been even higher than the growth in caseload. Federal costs have risen from $350 million in 1984 to over $650 million in 1989, as shown in figure 2. These costs are in 1989 dollars. Costs have risen because of the combination of the rising caseload, just discussed, and the real growth in average costs per child. Real costs per child rose from an average of $305 per month in 1981 to $350 in 1989. Total costs, including the State share, were much higher—$658 per month. These costs are an average of payments to foster families and much higher payments to group homes and institutions.

The Federal cost for maintenance payments range among the States from an average monthly cost of $629 in West Virginia—that is a Federal cost—to $91 in Idaho, as shown in table 2. This range would be even higher if I included the District of Columbia, but there appear to be data problems as they are reporting costs of over $1,800 per month.

I would now like to turn to an area that has already been discussed this morning, which is the rising costs for administration, services, and training. Costs have increased steadily from less than $50 million in 1981 to $488 million in 1989, as shown in figure 3 of my testimony. Much of this increase reflects rising costs per child. The average costs per child have risen in real terms from $33 per month in 1981 to $260 per month in 1989.

As with maintenance payments, these costs vary significantly among the States, as shown in table 3. Federal costs per child range from over $1,000 per month in Maryland to only $5 per month in Mississippi. Examining the growth in cost per child for individual States shows that many States followed a pattern of low costs for a number of years, followed by an extremely sharp increase in 1 year.

One striking example is Tennessee, where costs per child were $6 or less through 1988 and then jumped to $323 per month in 1989. In two dozen States, including Tennessee, the annual increase in average costs per child exceeded 1,000 percent at one point during the decade.

It is hard to imagine that a State increases services by 1,000 percent over 12 months, a more likely explanation is, what was discussed earlier this morning that there has been an expansion in the range of activities claimed under title IV-E or some other changes in State methods for claiming funds.

The final step of the CBO analysis involved putting all three components of growth onto one graph for each State. The entire set of 52 graphs is included in an appendix with the States listed by size of caseload. These State graphs are limited to showing the Federal side of the picture, based on the three somewhat crude measures. To learn more about a particular State, we need to turn to State officials because the Federal Government does not collect enough information about foster care children or costs.

The Department of Health and Human Services is going to begin collecting more information on children once the long-awaited Federal data collection system is implemented. But many questions about cost will remain unanswered.

I would like to conclude by recommending that the subcommittee encourage the Department to collect and analyze more information on foster care costs, including spending from State and local funds, title IV-B funds, and title XX funds.

Our understanding of Federal expenditures under title IV-E would be greatly increased if Federal costs could be placed in the context of overall spending patterns on foster care and more general child welfare services.

Thank you.

[The prepared statement follows:]

STATEMENT OF JULIA B. ISAACS
BUDGET ANALYSIS DIVISION
CONGRESSIONAL BUDGET OFFICE

Mr. Chairman, I appreciate this opportunity to appear before the Subcommittee to discuss an analysis by the Congressional Budget Office (CBO) of growth trends in foster care. Federal costs for this entitlement program have doubled in the last five years, increasing from $550 million in 1985 to $1.1 billion in 1989. CBO analyzed this growth and found that both caseload and costs per child have grown rapidly in recent years. If no change is made in current policy and this growth continues, costs will rise to $2.3 billion in 1992 and $4.2 billion in 1996.

The federal foster care program authorized under Title IV-E of the Social Security Act is an open-ended entitlement program that provides federal matching funds to assist states in providing foster care to children who meet certain eligibility requirements. Each state administers its own program within the federal mandates established in Title IV of the Social Security Act.

Federal data collection in this area is quite limited. The CBO analysis focuses on three measures of program activity that are reported to the Department of Health and Human Services (HHS): average monthly caseload; annual federal costs for maintenance payments; and annual federal costs for other expenses, including administration, services, and training.

The major findings of CBO's analysis of caseload and costs can be summarized as follows:

1) The number of children in foster care has increased significantly since 1985, with the growth rate accelerating since 1987. Annual rates of growth averaged 15 percent between 1987 and 1989. Most states have experienced this growth in caseload.

2) Costs for maintenance payments have increased more rapidly than increases in caseload. Average monthly costs per child were $350 in federal costs and $658 in total costs in 1989.

3) Costs for administration, services, and training have increased much more rapidly than either caseload or maintenance payments. Many states have experienced a sharp increase in costs at some point in the past decade; in two dozen states, the annual increase in average costs per child exceeded 1,000 percent in at least one year.

4) Caseload and costs vary significantly among the states. Two states, California and New York, account for 45 percent of the caseload. Average costs per child for maintenance payments vary from $91 per month to a reported $1,885 per month in federal costs. Average federal costs for administration, services, and training range among states from $5 per month to more than $1,000 per month.

These four findings are presented in more detail in the set of tables and figures included in this testimony and in a series of state figures attached as an appendix. The data for this analysis were provided by HHS and, in a few cases, are not final because of unresolved payment disputes between the states and HHS.

Title IV-E Caseload

The number of children in the federal foster care program has grown since 1981, when the Title IV-E program was established. The average monthly caseload was relatively flat between 1981 and 1984, hovering around 100,000 children, as the top panel of Figure 1 shows. The caseload began to rise around 1985 and grew to over 156,000 children in 1989. The growth rates were particularly high between 1987 and 1989, averaging 15 percent annually. Preliminary data suggest that the high-growth rates have continued into 1990.

Testimony in other hearings before this subcommittee has suggested that some of the growth in foster care caseload is because of increased substance abuse among women, particularly crack cocaine. The CBO analysis cannot prove or disprove the connection between crack cocaine and foster care placements, but the graph in Figure 1 does show that the caseload growth has accelerated since 1987, shortly after the spread of crack cocaine in the United States.

Some analysts have suspected that the number of children in federal foster care has grown because of shifts in placements from state foster care programs to the federal program. Eligibility for federal subsidies under Title IV-E is limited to children who are determined to be eligible for Aid to Families with Dependent Children (AFDC); states can often increase the proportion of children qualifying for federal assistance by spending more time examining children in state foster care for unrecognized federal eligibility. The lower panel in Figure 1 shows that the proportion of total foster care caseload that qualified for federal assistance grew from an average of 36 percent in the 1981-1984 period to an average of 39 percent in the 1985-1989 period.[1] This relatively slow growth in the proportion of foster care children receiving federal subsidies indicates that the growth in federal caseload has been accompanied by large growth in many state foster care caseloads. The total caseload (federal and state) grew from an estimated 265,000 in 1985 to approximately 360,000 in 1989. The sheer number of children in the foster care system is a large factor contributing to the common view that foster care is a "system in crisis."

State-by-State Variations. The number of children in Title IV-E foster care are widely different among states, as Table 1 shows. The table lists states by size of Title IV-E caseload in 1989. With caseloads of approximately 35,000 each, California and New York top the list, and together represent 45 percent of the children in federal foster care but only 19 percent of all children under 18.

Representing the number of children in Title IV-E foster care as a proportion of the total number of children under 18 in each state is one way to compare the caseload among states. The Title IV-E placement rates calculated by CBO vary considerably. New York and California have the highest and third highest rates in the country, 8.0 and 4.6 per 1,000 children, respectively. The mean placement is only 2.4; the median placement rate is even lower, 1.6 per 1,000 children. Hawaii has the lowest placement rate, only 0.1 per 1,000 children.

Differences in state eligibility rules for AFDC and associated differences in the proportion of the total caseload that qualify for federal Title IV-E assistance explain some of the difference in Title IV-E placement rates. In 1988, the proportion of foster care children that qualified for federal assistance averaged 40 percent nationally, but ranged from 64 percent in Michigan to 3 percent in Hawaii, with both California and New York at 48 percent. Other differences in placement rates could result from geographic variations in the incidence and/or detection of abuse and neglect, as well as different state laws, philosophies, and practices affecting the delivery of child protective services and the frequency of foster care placements.

Title IV-E Maintenance Payments

CBO's analysis of maintenance costs reveals the same two themes as the analysis of caseload: a national trend of high growth, accompanied by significant variations among states. The federal share of maintenance payments increased in a pattern similar to caseload--relatively flat for the first few years, and then rising, with more rapid growth since 1987, as shown in the top panel of Figure 2. By 1989, the federal costs for maintenance payments had reached over $650 million. These payments are made to foster families, group homes, and institutions for the care of children, including the costs of food, clothing, shelter, daily supervision, and other expenses. All costs are shown in 1989 dollars; the figures show the real growth, above inflation.

Whether the growth in maintenance payments simply mirrors the growth in caseload is hard to tell from the first panel of Figure 2. Real growth in average costs per child has occurred, above growth due to inflation or caseload, as the second panel in Figure 2 shows. Real monthly costs per child rose from an average of $305 in 1981 to $350 in 1989. Some fluctuations occur from year to year, but the overall average

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1. The proportion of children eligible for Title IV-E was estimated by dividing the reported Title IV-E caseload by estimates of total foster care population, and multiplying by 0.95 to adjust for differences between average monthly reporting and single-day reporting.

growth rate is around 2 percent annually. Preliminary data for 1990 show a substantial increase from 1989 and reverses what otherwise might appear to be a slowing of this growth.

An average federal cost of $350 per month means total costs per child were $658 per month in 1989. The federal share of maintenance payments is the same as in Medicaid or AFDC, varying from state to state and averaging about 53 percent nationally. At first glance, a cost of $658 per month may seem surprisingly high. A survey of basic rates paid to foster families, conducted by the American Public Welfare Association (APWA), reported that rates varied by age and among states but averaged around $300 per month in 1989. What drives up the average cost to more than twice that amount?

High costs for placements in group homes and institutions drive up total and average costs. In California, only 22 percent of the Title IV-E children were placed in group homes or institutions in 1989, but these placements accounted for 63 percent of foster care payments. Group home and institutional rates in the state ranged from $1,200 to over $3,000 per month, with an average cost of $2,600 for Title IV-E children. Supplemental payments paid to foster families caring for children who require specialized care because of severe medical or emotional needs also cause average costs to rise above the reported base rates. A study of maintenance payments in five states found that supplemental allowances generally ranged from $50 to $150 in 1987, but sometimes exceeded $800 per month.

Increases in group home rates and in supplemental payments may help explain the 2 percent real growth in average payments over the past several years. Rates in group homes and institutions are probably increasing more rapidly than inflation; average group home rates increased 9 percent annually in California between 1985 and 1989. States are also probably making more supplemental payments for specialized care in foster families, in response to increases in the severity of problems of the children entering foster care. In addition, the basic rates could be increasing more than inflation, as states struggle to recruit foster care parents.[2] Since none of these trends show signs of reversal, foster care payments are likely to continue to grow more rapidly than caseload and inflation over the next several years.

State-by-State Variations. Average maintenance payments vary significantly by state, as shown in Table 2, which ranks states by the size of payment per child in 1989. Federal costs per child appear to range from $1,885 per month in the District of Columbia to $91 per month in Idaho. If the District of Columbia is excluded, the highest cost would be $629 in West Virginia, still seven times greater than the $91 cost in Idaho. The median payment is $266 (in Oregon), and the average is $350. High costs in New York and California, the two largest states, drive the national average payment above the median payment.

The wide variation in average federal costs per child results from a combination of factors. The APWA survey reported that basic foster family rates for a child age 9 varied in 1989 from a low of $165 in Mississippi to a high of $574 in Alaska, a 350 percent difference. The range in rates reflects geographic differences in costs of living and differences in budgetary policies among states. Institutional rates and supplemental payments for specialized care may vary in a similar manner, but they have not been surveyed nationally. The proportion of children in group homes and institutions varies among the states; data from 38 states suggest that in 1985 congregate care placements varied from 13 percent to 42 percent of total foster care placements outside the child's home. Similar variation may exist in the proportion of children receiving supplemental payments. Some states may include a broader category of activities in the definition of maintenance payments.

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2. Another theory, that average costs have increased because of an increased utilization of group homes and institutions, is not supported by data from the two largest states. The proportion of placements in congregate care has decreased in both California and New York in recent years.

Variations among states in counting the number of children in Title IV-E foster care may also significantly affect costs per child. These variations particularly affect children who are in care for short time periods, in unlicensed placements with relatives, or back in their own homes on a probationary basis. Variations in caseload dynamics can also affect costs because a child in care for a few days in one month appears to be counted with the same weight as a child in care for 30 days. Other data problems may exist where state reports of Title IV-E caseloads appear inconsistent with Title IV-E Maintenance payments. For example, reported Title IV-E caseload in the District of Columbia fell from 928 children in 1986 to 269 children in 1987, but with little corresponding decline in maintenance payments -- a puzzling occurrence. Finally, variation exists in the federal match rate, from 50 percent to 83 percent, although for the most part this variation either has little effect or moderates even larger differences in total costs.

Title IV-E Costs for Administration, Services, and Training

The rapidly escalating costs for administration, services, and training have been the focus of considerable concern among Members of Congress and the Administration. Costs have increased steadily, from less than $50 million in 1981 to $488 million in 1989, as shown in the top half of Figure 3. Again, all costs are shown in 1989 dollars, so the figures show growth above inflation. Most expenditures in 1989--$461 million--were costs for administration and services, with the remaining $27 million for training. Administration and services are defined broadly to include a variety yof activities relating to the placement of a child in foster care, including many activities beyond the traditional definition of administrative costs. The federal match for these costs is 50 percent; the federal match for training costs is 75 percent.

Administration, services, and training costs have increased much more rapidly than caseload. The second panel in Figure 3 shows rising costs per child, which were calculated by dividing Title IV-E payments for administration, services, and training by Title IV-E caseload. Real monthly costs per child rose from $33 in 1981 to $260 in 1989. The measure of costs per child is somewhat problematic because some Title IV-E services are provided to children who are not included in counts of Title IV-E caseload. This situation can occur when services are provided to children who are at risk of imminent removal from their home but do not end up in foster care. However, CBO's analysis does examine measures of costs per child as one way to compare costs among states despite large differences in foster care populations.

State-by-State Variations. Monthly costs for administration, services, and training vary significantly among states, as shown in Table 3, which ranks states by the size of payment per child in 1989. Federal costs per child range from over $1,000 per month in Maryland to only $5 per month in Mississippi, a 200-fold difference. The median cost per child is $236, in Georgia; the national average is $260. These are federal costs; total costs for activities funded through Title IV-E would be approximately twice as large.

CBO's analysis of the growth in costs per child for individual states reveals an interesting pattern. While some states have shown steady increases every year, many states follow a pattern of low costs in the early years, followed by an extremely sharp increase in one year. In two dozen states, costs increased by more than 1,000 percent in a one-year period. One striking example is Tennessee, the 15th state from the top in Table 3, where costs per child ranged from $3 to $6 from 1981 through 1988 and jumped to $323 in 1989, an increase of more than 8,000 percent. In Missouri, the 14th state from the top in Table 3, the spike upward occurred earlier; monthly costs per child jumped from $7 in 1981 and 1982, to $148 in 1983, and rose to a peak of $363 in 1985. The abrupt nature of the increases in a number of states supports the theory that much of the growth results from changes in state methods for claiming funds, rather than changes in services to children. The case of Missouri is important because cost increases claimed by Missouri were initially challenged by HHS, but were found allowable by the HHS Departmental Appeals Board. Over time, many other states have become aware of the broad range of activities allowable under Title IV-E and have developed, often with the help of consultants, sophisticated cost-allocation plans

to increase Title IV-E claims. While individual states have often experienced a one-time sharp increase, these increases have occurred in different years and so average out on a national basis to an overall trend of smaller, steadier increases each year.

Differences in costs per child among states are harder to interpret than changes over time within states. States may differ significantly in interpreting the definition of allowable activities and the group of children eligible for services. Differences of sophistication in how states claim federal funds under this uncapped entitlement may account for much of the difference. In addition to the definitional discrepancies in counting caseload, caseload dynamics pose a problem. States that move children in and out of foster care more rapidly may have higher administrative costs than states with comparable average monthly caseloads and longer lengths of stay.[3] The available data do not reveal how much of the differences among states (or how much of the increases in costs over time) reflect real differences in services to children as opposed to measurement problems, different methods for claiming federal funds, and variations in caseload dynamics.

State Graphs of Caseloads and Costs

The final step of the CBO analysis involved constructing one graph for each state that shows all three components--caseload; maintenance payments; and administration, services, and training costs. I will discuss a few of these graphs in this testimony and submit the entire set of 52 graphs as an appendix.

The graph for California, as shown in Figure 4, shows the three components clearly. The bold line shows the caseload, which has grown at a rapid and steady pace since 1985. The dark shaded area on the bottom shows maintenance payments, which have actually grown less rapidly than caseload. The lighter shaded area shows costs for administration, services, and training, which increased significantly between 1982 and 1983. This increase in California was earlier but less dramatic than increases in other states.

The graph for New York illustrates a key characteristic of the design of all the graphs. The scale for costs is 10,000 times greater than the scale for caseload and is in dollars. This means that if the line representing caseload crosses into the area representing costs, the state is claiming more than $10,000 per child annually. The figure shows that the bold line for caseload in New York does dip below the shaded area for costs, signalling costs of more than $10,000 per child in 1986, 1987, and 1988. These are federal costs; total costs would be approximately twice as high. The graph also shows that the caseload in New York started increasing later than in California, but has risen at an extremely high rate since 1987.

Graphs for Pennsylvania and Ohio, shown in Figure 5, illustrate some of the variations in caseloads and costs among the states. Pennsylvania and Ohio have the third and sixth largest caseloads, respectively. The graph for Pennsylvania shows very low claims for administration, services, and training costs, either relative to caseload or relative to maintenance payments. The graph for Ohio, in contrast, shows that costs for administration, services, and training shot upward between 1984 and 1985, to the point where they were larger than claims for maintenance payments. Another interesting point about Ohio is that the caseload is fairly flat throughout the 1980s, indicating that not every state has experienced the much-talked-about increases in caseload.

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3. For example, if State A and State B each had an average monthly caseload of 10 children, but State A had 10 children who remained in care for 12 months and over the course of a year State B had 120 different children in care for one month each, administrative costs would presumably be much higher in State B than in State A.

Certain patterns emerge from the complete set of state graphs, which are included in the appendix with states ranked by size of caseload in 1989. Most states show rising caseloads, often with accelerated increases since 1987. With a few exceptions, maintenance payments tend to follow caseload growth fairly closely. Administration, services, and training costs show little correlation with caseload, however, and frequently rise dramatically over a one- or two-year period. Relatively few states, only seven, spent more than $10,000 in federal funds per child in Title IV-E foster care in any year between 1981 and 1989. Nearly half the states, 25 out of 51, spent more on administration, services, and training than on maintenance payments in 1989.

Conclusion

The state graphs show interesting and, in some cases, unusual patterns in program growth. These graphs are limited to the federal side of the picture, however, as shown by three somewhat crude measures. To gain a more complete picture of particular states would require turning to the state for information, such as: how are children in foster care counted, how many additional children are in placements without federal subsidies, how quickly do children move in and out of care, how are federal funds claimed, what are total state expenditures for foster care, and how are funds for administration and services spent? Some of this information will be available in the long-awaited federal data collection system, which is expected to begin collecting detailed information on children in foster care in the near future. Many questions about costs, however, will remain unanswered.

HHS recently took a positive step by asking states to report spending on administration and services in 1990 by four categories: case planning and management, pre-placement activities, eligibility determinations, and other. I hope that this subcommittee will encourage the Department to take further steps to collect and analyze information on foster care expenditures, including spending from state and local funds, Title IV-B funds, and Title XX funds. Our understanding of federal expenditures under Title IV-E would be greatly increased if federal costs could be placed in the context of overall spending patterns on foster care and more general child welfare services.

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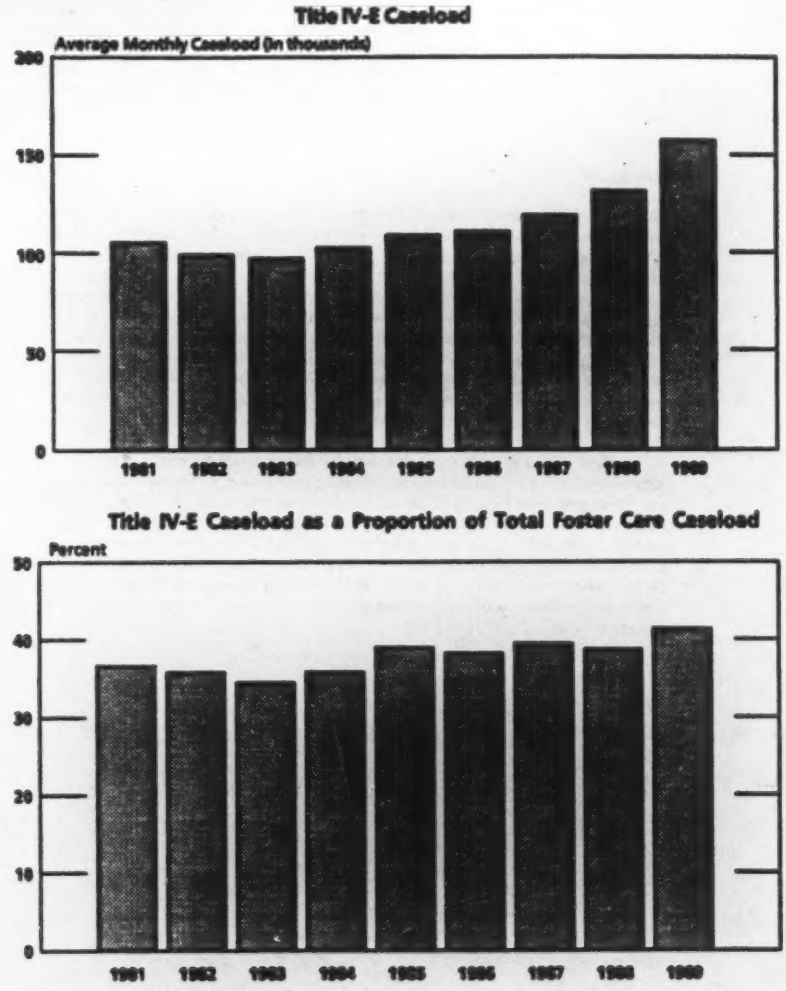
Figure 1.
Foster Care Caseload



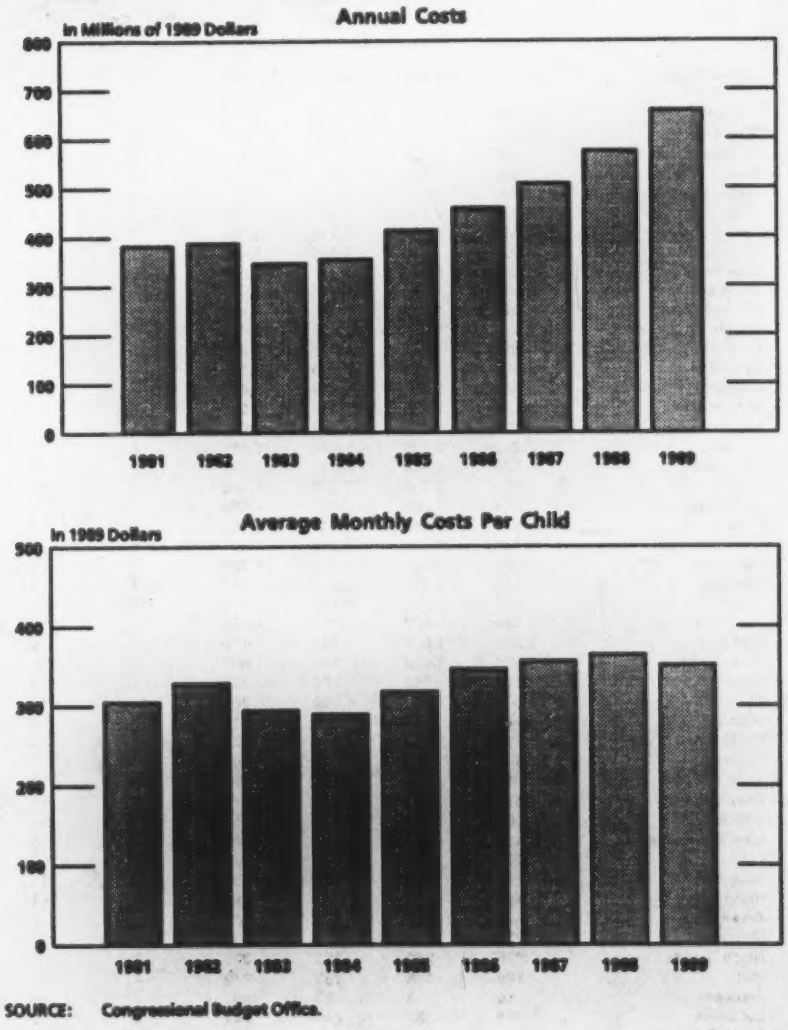
SOURCE: Congressional Budget Office.

TABLE 1. TITLE IV–E FOSTER CARE CASELOAD (By state, ranked by size of caseload in 1989)

State	Average Monthly Caseload				Average Annual Growth (Percent)	
	1981	1985	1987	1989	1981–1987	1987–1989
United States	104,862	108,373	118,549	156,555	2	15
California	16,708	21,309	27,531	35,659	9	14
New York	20,173	17,622	17,866	34,607	−2	39
Pennsylvania	5,359	7,000	7,739	9,638	6	12
Illinois	5,529	4,206	6,503	8,578	3	15
Michigan	5,785	6,492	7,036	7,914	3	6
Ohio	3,529	4,138	4,260	4,513	3	3
Texas	2,661	2,814	2,919	3,588	2	11
Wisconsin	2,956	2,436	2,765	3,174	−1	7
New Jersey	1,615	3,977	3,377	3,064	13	−5
Louisiana	1,766	2,115	2,466	3,061	6	11
Washington	812	1,012	1,114	2,477	5	49
Florida	1,151	1,308	1,618	2,464	6	23
Georgia	1,329	1,750	2,074	2,244	8	4
Missouri	2,098	2,076	2,178	2,139	1	−1
Oregon	1,314	1,238	1,449	2,067	2	19
Minnesota	1,699	1,738	1,709	2,030	0	9
Massachusetts	1,801	898	896	2,021	−11	50
Virginia	2,263	1,929	1,778	1,986	−4	6
Colorado	529	1,804	1,551	1,866	20	10
Connecticut	775	1,086	1,149	1,646	7	20
Tennessee	1,764	1,063	1,044	1,586	−8	23
Indiana	1,676	1,368	1,344	1,559	−4	8
North Carolina	1,731	1,425	1,368	1,557	−4	7
Kentucky	1,286	1,587	1,514	1,509	3	−0
Kansas	3,308	1,096	1,082	1,167	−17	4
Iowa	651	707	1,175	1,157	10	−1
South Carolina	534	862	1,071	1,123	12	2
Alabama	1,549	1,521	1,334	1,119	−2	−8
West Virginia	605	1,039	681	1,004	2	21
Nebraska	594	743	876	924	7	3
Maryland	2,308	1,565	1,265	869	−10	−17
Maine	1,145	681	691	815	−8	9
Oklahoma	722	1,013	951	732	5	−12
Vermont	269	469	647	728	16	6
Arizona	619	476	524	694	−3	15
Mississippi	878	761	617	673	−6	4
New Mexico	180	524	682	557	25	−10
New Hampshire	484	469	500	444	1	−6
Utah	230	325	303	436	5	20
Nevada	209	213	327	436	8	15
Rhode Island	433	358	467	427	1	−4
Arkansas	395	455	385	372	−0	−2
Montana	251	313	333	325	5	−1
North Dakota	336	262	280	309	−3	5
Idaho	199	166	160	272	−4	30
Alaska	56	2	80	253	6	78
Delaware	273	337	243	244	−2	0
South Dakota	400	281	233	210	−9	−5
District of Columbia	1,865	1,186	289	178	−28	−19
Wyoming	39	93	85	104	14	10
Hawaii	21	35	42	42	12	−1

SOURCE: Congressional Budget Office using data from the Department of Health and Human Services, Administration of Children, Youth, and Families, March 1991.

Figure 2.
Title IV-E Maintenance Payments



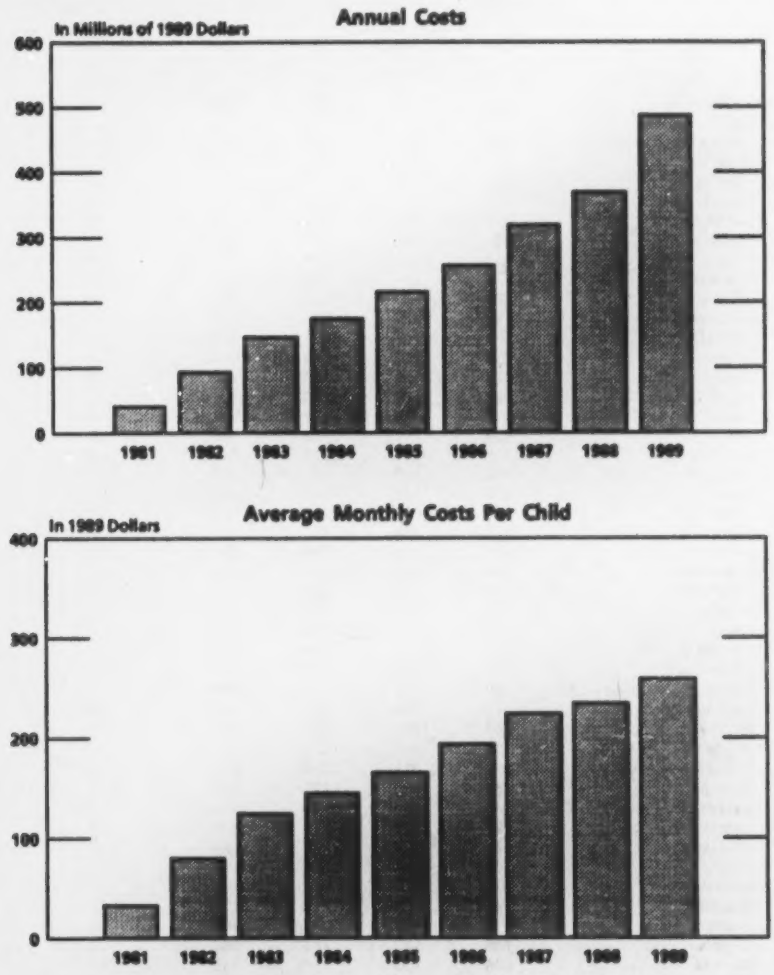
SOURCE: Congressional Budget Office.

TABLE 2. AVERAGE FEDERAL COSTS PER CHILD PER MONTH FOR TITLE IV–E MAINTENANCE PAYMENTS (In 1989 dollars, with states ranked by costs in 1989)

State	1981	1985	1987	1989	Average Annual Growth, 1981–1989 (Percent)
United States	305	317	357	350	2
District of Columbia	385	363	1,418	1,885	22
West Virginia	210	355	507	629	15
New York	600	574	714	508	−2
Maryland	151	210	315	500	16
Michigan	260	403	482	473	8
Pennsylvania	604	465	435	467	−3
Rhode Island	248	183	281	466	8
Kentucky	138	274	345	408	15
Alaska	456	597	425	392	−2
Minnesota	297	277	337	377	3
North Dakota	216	266	311	353	6
Maine	220	203	322	334	5
Connecticut	226	151	226	328	5
South Dakota	167	188	268	325	9
California	316	314	322	313	−0
Utah	205	147	123	303	5
Montana	355	311	371	303	−2
Vermont	260	235	258	303	2
Ohio	103	191	259	302	14
Texas	240	239	238	300	3
Kansas	122	248	260	297	12
Missouri	111	206	240	291	13
Wisconsin	299	303	276	287	−0
Oklahoma	186	220	253	286	6
Massachusetts	175	279	321	278	6
Oregon	289	264	308	266	−1
Wyoming	188	150	326	260	4
Louisiana	199	278	264	256	3
New Hampshire	139	146	82	249	8
New Mexico	68	243	251	246	18
Florida	157	200	231	243	6
Illinois	139	218	223	239	7
Nebraska	230	217	228	239	0
Georgia	161	231	225	222	4
Delaware	143	125	151	214	5
Tennessee	127	151	178	195	5
New Jersey	134	173	177	193	5
Iowa	168	171	164	185	1
Washington	176	171	315	184	1
Arizona	146	250	237	173	2
South Carolina	120	161	147	169	4
Virginia	132	133	163	162	3
Nevada	209	155	156	149	−4
Hawaii	107	122	132	147	4
Colorado	162	133	175	140	−2
North Carolina	127	126	144	133	1
Alabama	123	144	130	130	1
Arkansas	137	113	136	124	−1
Mississippi	123	125	119	115	−1
Indiana	63	60	67	96	5
Idaho	156	101	213	91	−7

SOURCE: Congressional Budget Office using data from the Department of Health and Human Services, Administration of Children, Youth, and Families, March 1991.

Figure 3.
Title IV-E Administration, Services, and Training Costs



SOURCE: Congressional Budget Office.

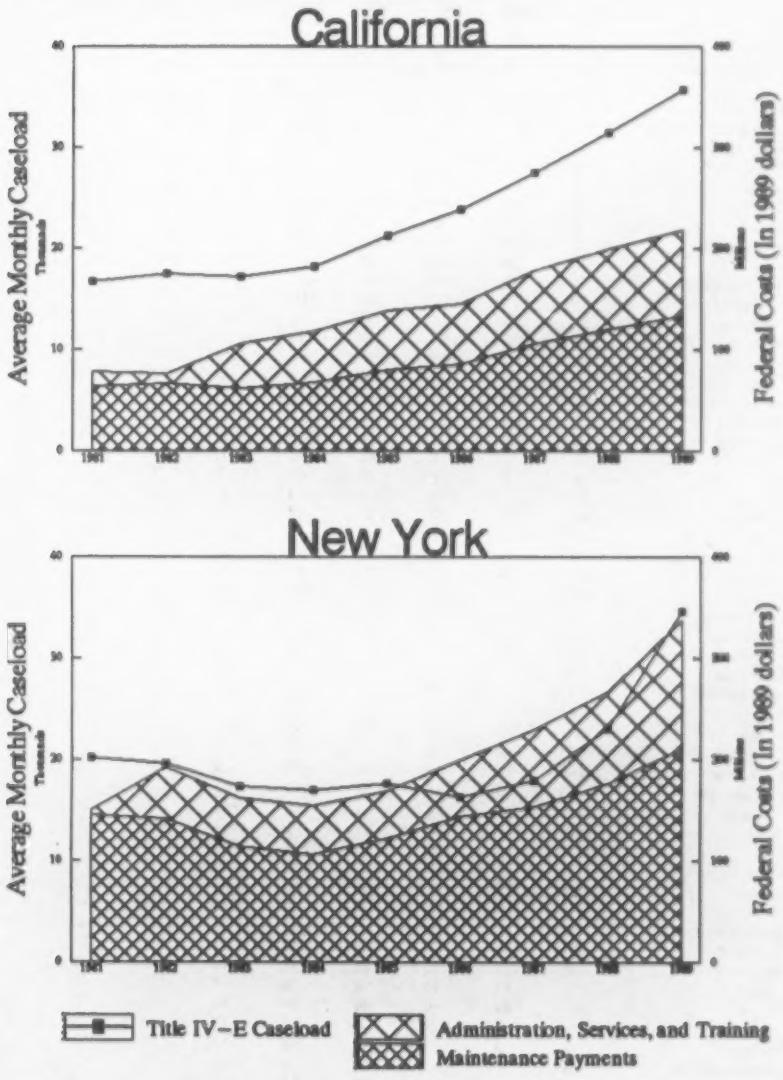
TABLE 3. AVERAGE FEDERAL COSTS PER CHILD PER MONTH FOR TITLE IV–E ADMINISTRATION, SERVICES, AND TRAINING (In 1989 dollars, with states ranked by costs in 1989)

State	1981	1982	1983	1984	1985	1986	1987	1988	1989
United States	33	79	125	144	165	193	225	235	260
Maryland	14	9	9	9	252	525	803	800	1,033
District of Columbia	11	104	48	144	224	257	615	1,954	1,028
Kentucky	5	4	7	6	1	54	67	91	702
Rhode Island	0	0	0	0	46	233	447	554	682
Texas	9	12	17	241	89	141	351	640	621
Arizona	6	11	135	183	263	305	287	412	571
Alaska	0	0	0	0	0	85	18	4	482
Minnesota	22	36	89	102	275	452	519	424	478
Ohio	30	14	9	9	182	332	330	391	394
Massachusetts	5	6	290	242	227	225	171	413	392
Oklahoma	12	15	302	159	119	164	166	249	361
Arkansas	11	9	11	8	19	44	114	108	361
Maine	1	6	125	130	133	180	229	241	346
Missouri	7	7	148	250	363	355	349	345	344
Tennessee	4	6	5	6	3	4	5	4	323
South Dakota	20	10	5	5	5	7	432	443	320
Wyoming	0	0	0	0	−0	0	0	359	316
New York	20	218	232	237	220	285	353	326	304
Florida	11	12	11	13	45	91	141	164	299
New Jersey	5	6	3	36	60	200	209	214	290
Vermont	28	143	254	225	218	206	249	251	284
Michigan	94	121	137	153	167	192	240	240	278
Oregon	125	116	147	186	177	207	226	344	277
New Hampshire	12	54	66	102	98	87	122	187	272
Virginia	19	19	25	27	23	24	101	47	269
Georgia	45	261	254	217	197	222	204	236	236
Washington	49	161	146	173	176	226	282	227	230
Wisconsin	67	66	114	143	141	131	214	227	229
Louisiana	28	53	66	281	239	219	220	275	229
Nebraska	26	68	56	147	158	145	112	223	225
New Mexico	3	5	49	12	224	191	193	201	222
Delaware	9	8	8	7	23	1	0	215	215
Illinois	19	25	78	23	92	85	91	114	214
South Carolina	10	12	16	32	76	78	137	194	200
California	74	43	214	234	229	209	218	210	197
Connecticut	0	0	78	83	74	104	115	116	193
Nevada	29	9	11	11	12	11	9	86	178
Iowa	8	89	106	121	95	104	125	175	172
Utah	23	36	93	116	125	175	164	127	172
West Virginia	4	1	192	389	386	499	446	274	152
Kansas	5	33	50	65	65	71	74	75	134
Colorado	10	6	6	2	1	110	154	63	114
North Dakota	9	13	20	23	31	76	93	85	107
Pennsylvania	43	46	57	56	148	97	87	51	81
Montana	0	156	82	121	107	143	112	79	70
Idaho	14	14	11	12	15	5	22	16	57
Hawaii	17	21	30	39	35	46	30	30	23
Alabama	5	5	5	8	17	17	12	12	21
Indiana	9	2	5	11	19	17	19	18	15
North Carolina	5	7	10	10	9	11	13	13	12
Mississippi	6	9	10	10	10	11	6	3	5

SOURCE: Congressional Budget Office using data from the Department of Health and Human Services, Administration of Children, Youth, and Families, March 1991.

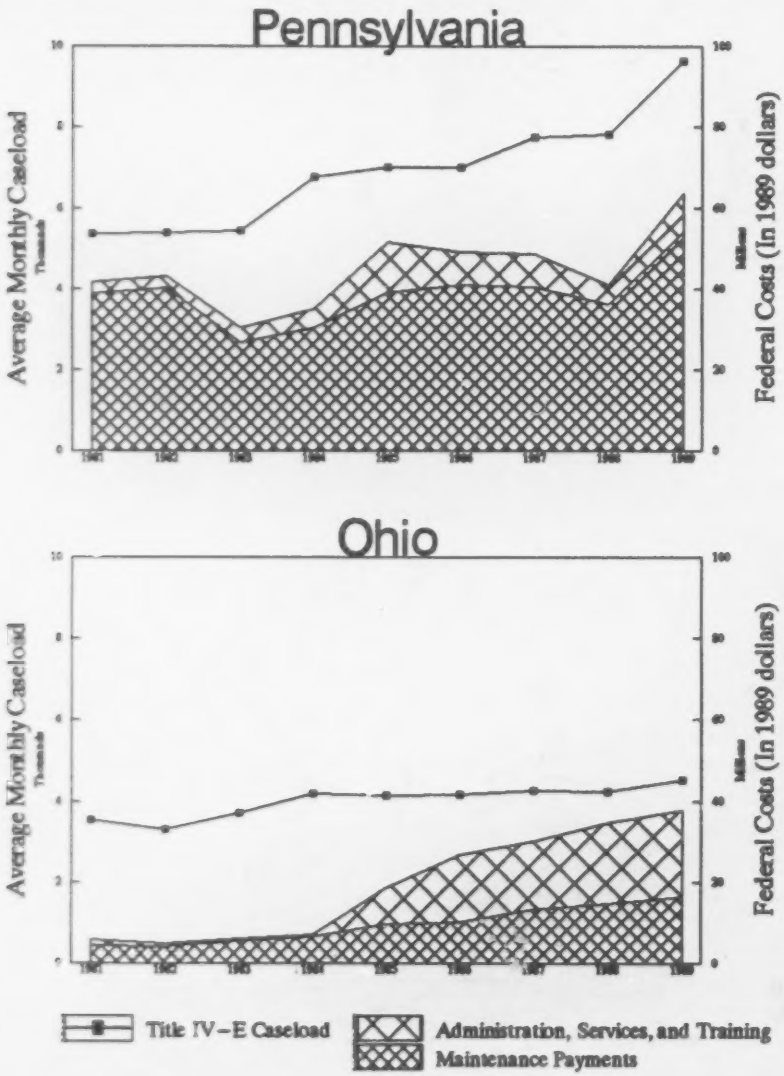
NOTE: Costs per Title IV–E child must be interpreted with caution. Some states provide services to children who are not included in the Title IV–E caseload.

FIGURE 4.
CASELOAD AND COSTS IN THE TWO LARGEST STATES



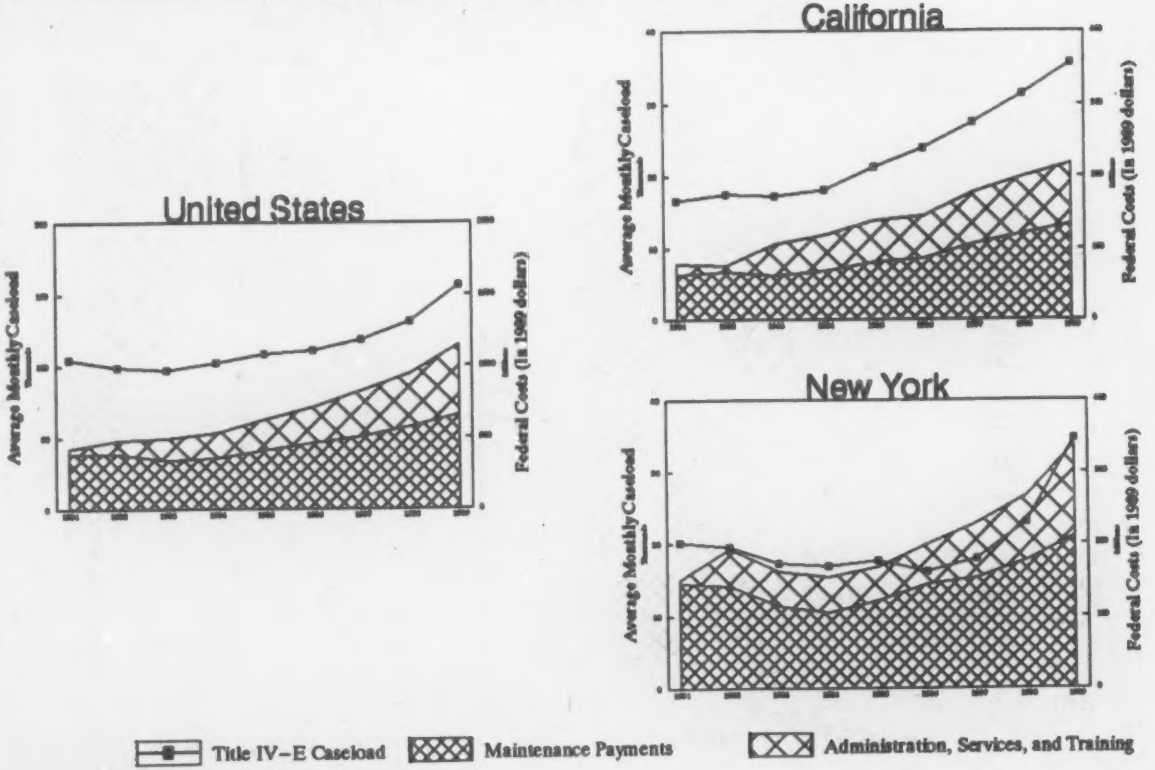
SOURCE: Congressional Budget Office

FIGURE 5.
CASELOAD AND COSTS IN STATES WITH THIRD AND SIXTH LARGEST CASELOADS



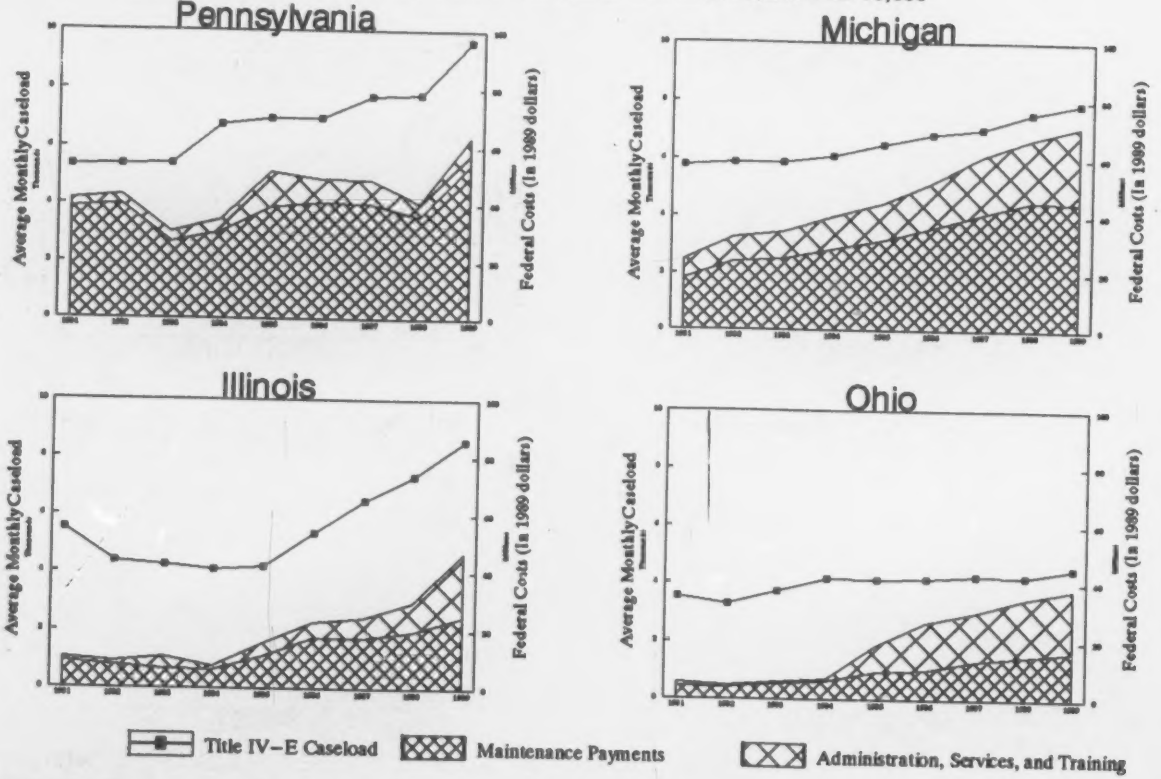
SOURCE: Congressional Budget Office

FIGURE A–1.
CASELOAD AND COSTS IN THE UNITED STATES AND THE TWO LARGEST STATES



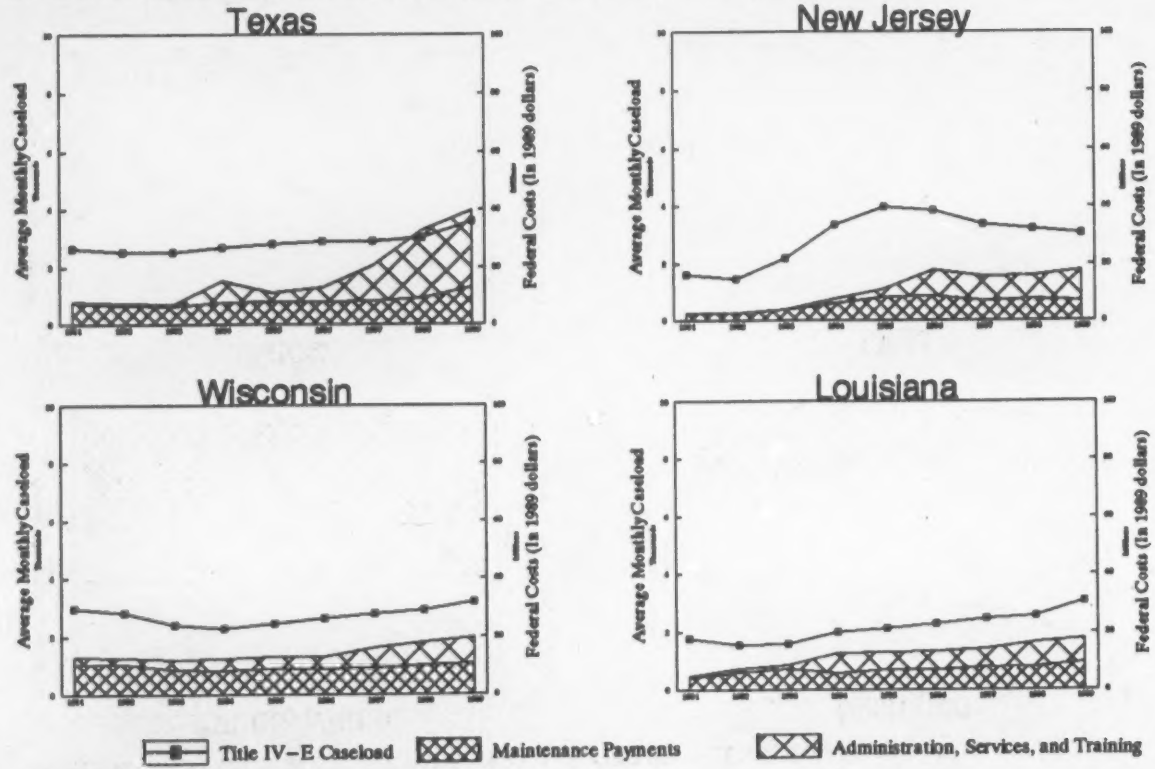
SOURCE: Congressional Budget Office

FIGURE A–2.
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD BETWEEN 2,500 AND 10,000



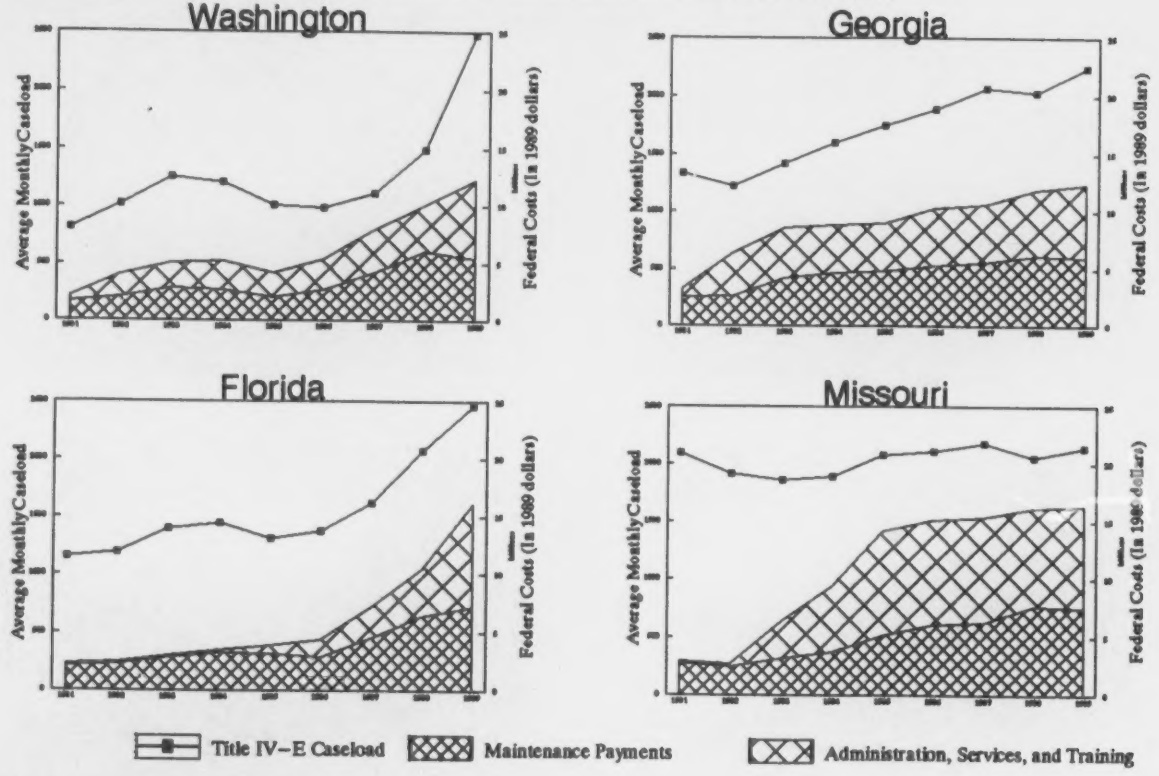
SOURCE: Congressional Budget Office

FIGURE A–2.
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD BETWEEN 2,500 AND 10,000



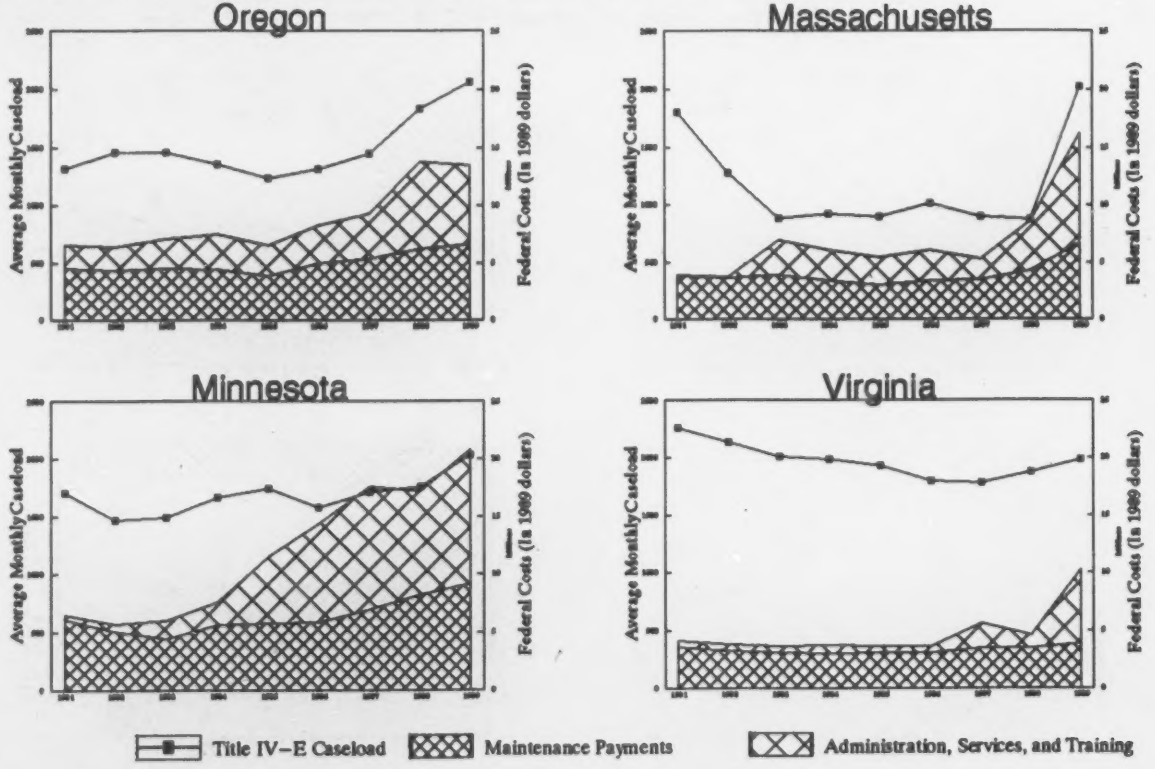
SOURCE: Congressional Budget Office

FIGURE A–3.
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD BETWEEN 700 AND 2,500



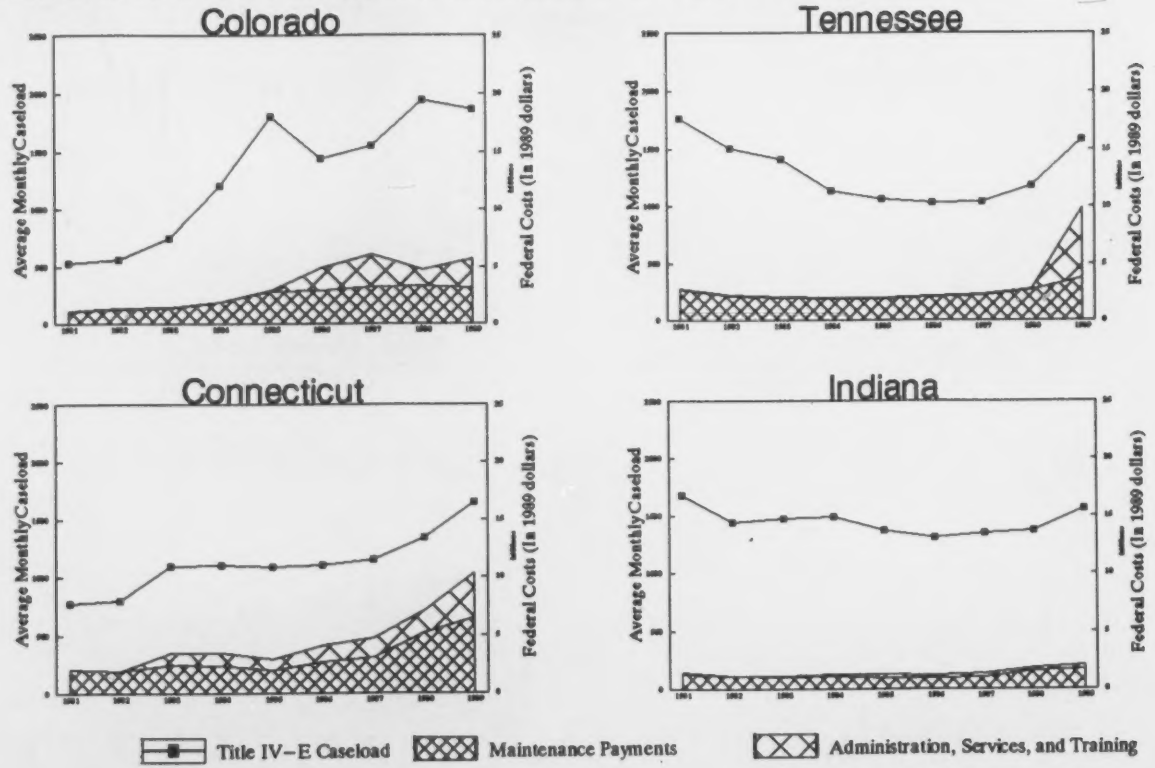
SOURCE: Congressional Budget Office

FIGURE A–3.
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD BETWEEN 700 AND 2,500



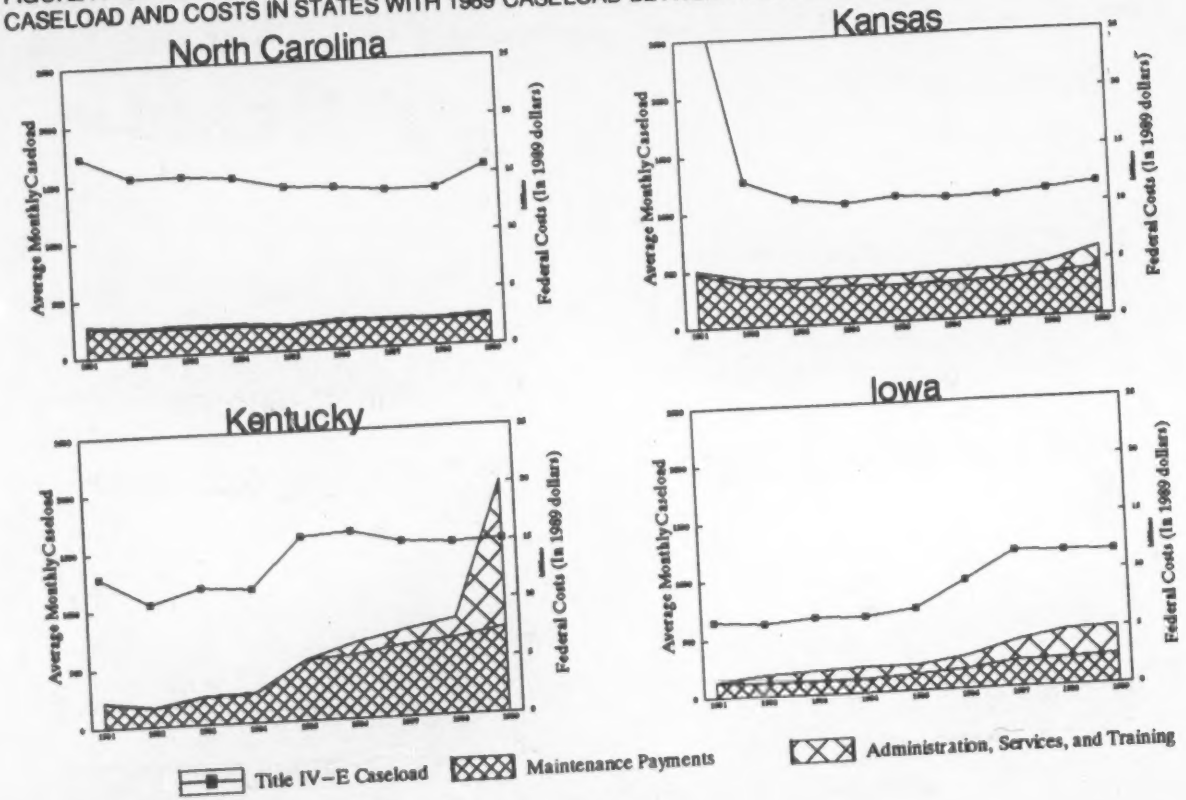
SOURCE: Congressional Budget Office

FIGURE A–3.
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD BETWEEN 700 AND 2,500



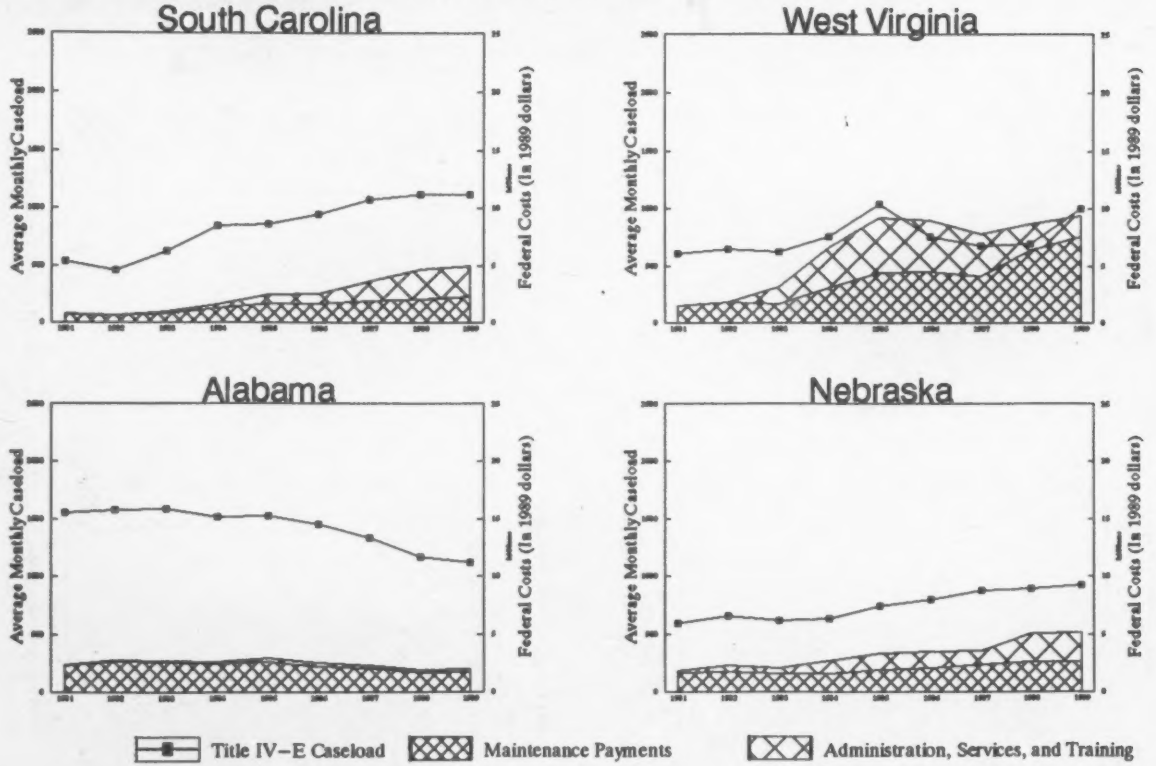
SOURCE: Congressional Budget Office

FIGURE A–3.
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD BETWEEN 700 AND 2,500



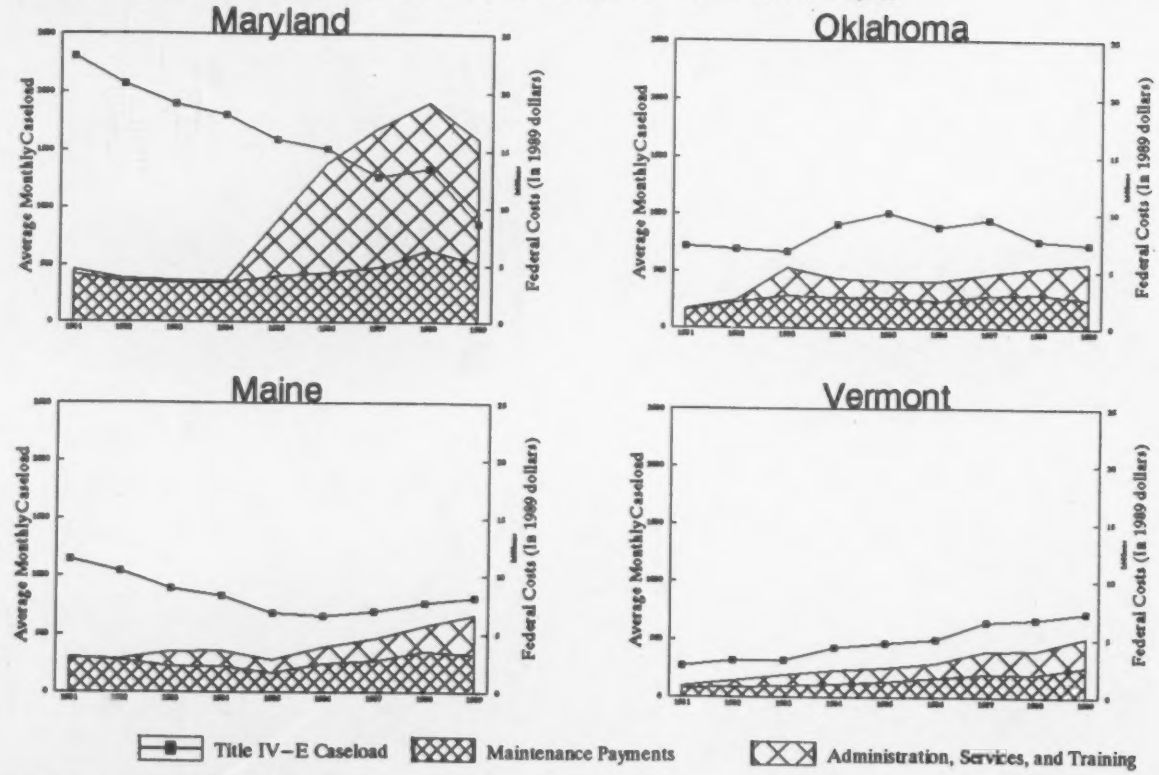
SOURCE: Congressional Budget Office

FIGURE A–3.
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD BETWEEN 700 AND 2,500



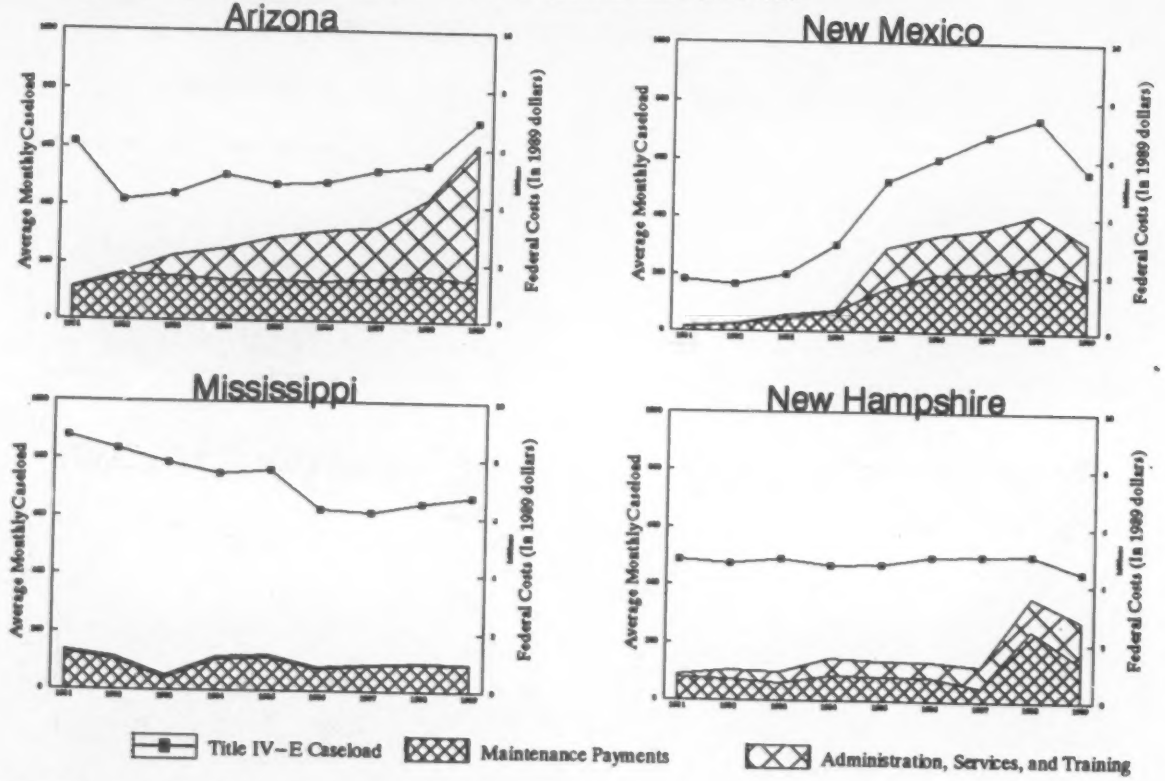
SOURCE: Congressional Budget Office

FIGURE A–3.
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD BETWEEN 700 AND 2,500



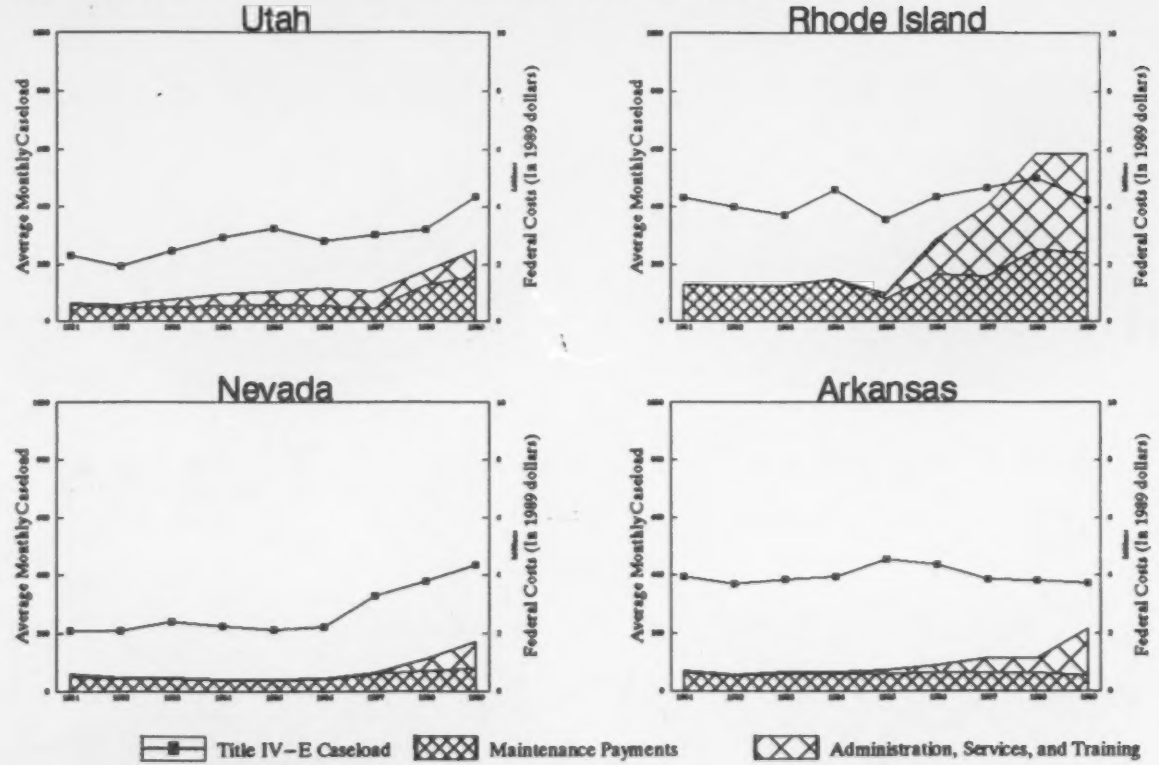
SOURCE: Congressional Budget Office

FIGURE A–4.
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD LESS THAN 700



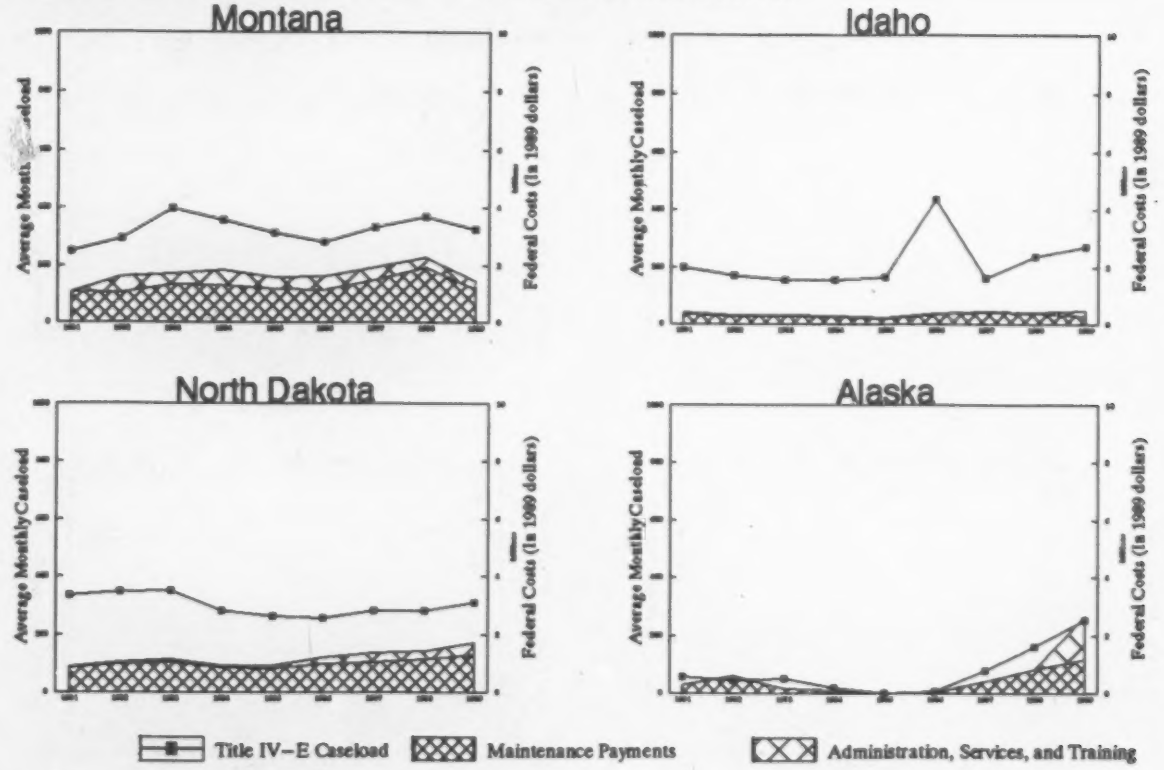
SOURCE: Congressional Budget Office

FIGURE A–4.
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD LESS THAN 700



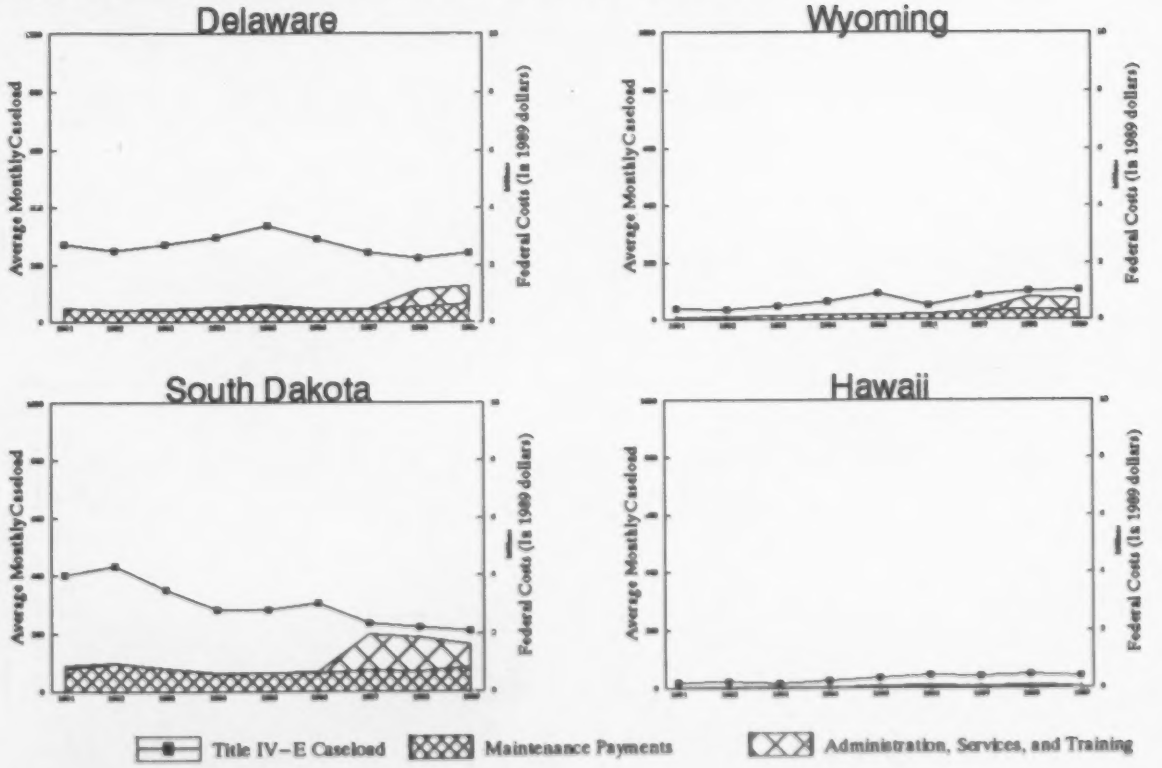
SOURCE: Congressional Budget Office

FIGURE A–4.
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD LESS THAN 700



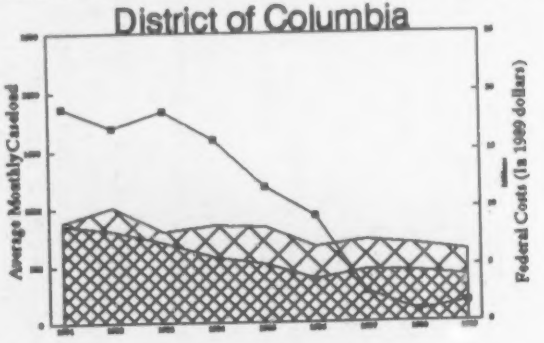
SOURCE: Congressional Budget Office

FIGURE A–4.
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD LESS THAN 700



SOURCE: Congressional Budget Office

FIGURE A–5.
CASELOAD AND COSTS IN THE DISTRICT OF COLUMBIA



SOURCE: Congressional Budget Office

Mr. ANDREWS. Thank you.

Mr. Berlin, you are cautioning us about over-promoting family preservation services relative to other services, such as reunification services. Given that we don't know which services work best, should Federal legislation give States a lot of leeway to decide where to focus new Federal dollars?

Mr. BERLIN. That is a difficult question. I think the critical thing is that we want to be sure that we try interventions throughout the continuum of care. I guess I am concerned that States will focus primarily in one area. There is a lot of interest right now, for example, in preservation and maybe not as much interest in the reunification side. So, you have got to give States flexibility otherwise they won't buy into these things and you won't learn very much from the demonstrations. On the other hand, we have to try to intervene throughout the continuum of care. And we have to structure the legislation in such a way that we encourage proposals in each of those key areas, I think.

Mr. ANDREWS. You mentioned also that paperwork is part of the problem, dealing with the bureaucracy. Is there any evidence that the Federal requirements are unnecessary, and that some of this paperwork is just totally unnecessary? Is that what you suggest?

Mr. BERLIN. Well, as a former child welfare official who had to respond to some of the audits, I think the paperwork side of this business has gotten a little bit out of hand. For example, in New York City, you would be audited on a hundred separate items on every single case. So by definition if you only got one item wrong, if you failed to comply in one area, on each of those 100 cases, so that each case was 99 percent correct, you would still have errors on 100 percent of the cases. So I think that paperwork is a problem in the system, generally, especially at the caseworker level.

Mr. ANDREWS. One of your ideas is to establish a permanent legal status for relatives, like guardianships for instance. Are any States moving toward this?

Mr. BERLIN. I don't know if any others have.

Mr. ANDREWS. But would it take the Federal Government to make this happen?

Mr. BERLIN. Well, States could probably do it on their own, I think, but it is not clear that you could be reimbursed in the same way that you could for adoption. And you have this problem in kinship households where you don't really want a stranger to adopt a child if the relative is a good care giver. On the other hand, very few relatives are likely to be willing to be party to the severing of parental rights. You can imagine how difficult that would be, even if there was a problem.

So we do need to think about a third alternative. But it should only come, of course, after we have done everything we can to reunite.

Mr. ANDREWS. Mr. Wulczyn, your analysis shows that foster care caseloads in New York increased due both to increasing admission rates and to declining discharge rates. Could you speculate for the committee as to why we have seen these rate changes?

Mr. WULCZYN. The reasons are several. I think on the one hand, we do, as we have heard today, have more difficult children coming into care. But I think we can look to more basic explanations first

and try and separate out a variety of reasons. As Mr. Berlin was saying, we need to understand better the patterns of admissions and discharges to see who is flowing through the system and what their characteristic lengths of stay are. In New York, Illinois and in Michigan, the children who tend to stay the longest are infants. We have seen a dramatic increase in the number of infants coming into care. All things being equal that would cause a reduction in the number of children discharged until the system reached a new equilibrium point and then you would see a more stable pattern emerge.

We have also seen an increase in the number of children admitted to relative homes. Again, all things being equal the fact that children in those homes tend to stay longer would, over the short term, lead to an increase in the caseload because admissions would not be keeping up, as they have been in previous years, with the number of admissions.

Mr. ANDREWS. You mentioned relatives increasingly being a major part of the foster care programs in New York and I think that is true in my State of Texas, as well. Would you suggest to the committee, why those trends are taking place? What are your thoughts?

Mr. WULCZYN. It would seem to be linked to the demand for the need for foster care in the first place. In New York we implemented kinship policies, we accepted children into kinship homes at the fully funded foster care rate in 1987. And in Illinois that practice had been underway since the late 1970s. Yet, if you look at the data for both States the number of admissions to relative home care has increased dramatically in both States. And it is co-terminus with this rise in infant placement rates and the need for the system to find a place to put these children. Oftentimes, observers of the New York system wonder whether or not the simple implementation of the kinship policies in 1987 created or was a cause of the increase. I don't think that is a realistic explanation, and too simplistic when it is compared with the data from Illinois where the practice was ongoing for some time.

Mr. ANDREWS. Thank you.

Mrs. Johnson.

Mrs. JOHNSON. Thank you, Mr. Chairman, and thank you all for your testimony.

Mr. Berlin, have you taken a look at last year's bill in regard to the data issues and the demonstration projects that might provide the kind of research, that your disciplined research approaches that you are saying are needed?

Mr. BERLIN. Yes. I was generally encouraged by it. What concerns me is that you need to have a knowledge building agenda underlying that effort. Without it there is the risk that we will emphasize one area rather than another.

Mrs. JOHNSON. I agree with you and I think that one of the healthy parts of the proposal last year was that it not only addressed some of the current problems with the system but it also tried to address the problem of the dearth of research.

As a former administrator and as a researcher, do you think that there is a problem with too much Federal prescription?

Mr. BERLIN. Well, it is sort of a Hobbesian choice. Entitlements are essential in an area like child welfare. Because you just don't know what you are going to have to live with when the next crack epidemic will strike, and you don't want budget caps to influence your decisions, I don't think, in that arena. On the other hand, we have a whole new generation of problems that we are facing and we need more flexibility to respond to that new generation of problems.

I, for one, have struggled with what the right position is between those two positions, and I don't have a straightforward answer.

Mrs. JOHNSON. I understand you to be saying that if Congress created a capped entitlement that gave States more flexibility, Congress would also need some proof that the money was used wisely.

Mr. BERLIN. Right, and we are spending an awful lot of money right now documenting eligibility, etc. When, and this is an area as a former administrator, I used to be very annoyed that we had to spend so much money worrying about documenting eligibility because we had already documented that the child was at risk. And remembering to be sure you have the eligibility backup right, too, at the same time was not very productive when you were also trying to figure out what to do to protect the child.

Mrs. JOHNSON. I think this is an area that we really have to review. A couple of schools in my district have done very creative things in terms of special education. One of the things they have done is not to put so much money into identifying the child as a special needs child, when it is clear to everyone that this kid has had problems. These schools have found much simpler ways to categorize children and get services to them. I think we really have to look at the amount of resources that we put into certain aspects of the program so that we can put more into services.

Mr. BERLIN. I think a lot of creativity could be unleashed out there, but——

Mrs. JOHNSON. How do we do it?

Mr. BERLIN. Well, in this arena, the risk again is that because abuse and neglect is so serious you are always going to have that demand and you are going to have to deal with that issue. You have to worry that a lot of money in a very flexible pot supposedly that is going to lead to a lot of prevention will, in fact, go in the other direction. Because the pulls from abuse and neglect are so strong that it can basically eat up a lot of your resources very quickly. And as an administrator, reading the newspaper every morning, you cannot ignore those pressures.

Mrs. JOHNSON. Thank you. We are truly interested in your comments, and those of every witness who has testified here today, on last year's bill.

Mr. ANDREWS. Thank you, very much.

You have been a good panel and we appreciate your testimony. This concludes our hearing for this morning.

The subcommittee will stand adjourned.

[Whereupon, at 12:30 p.m., the hearing was adjourned.]

[Submissions for the record follow:]

U.S. House of Representatives Ways and Means
Subcommittee on Human Resources
Hearing on
"The State of the Nation's Child Welfare System"
March 19, 1991

Statement of
PETER DIGRE, DIRECTOR
COUNTY OF LOS ANGELES
DEPARTMENT OF CHILDREN'S SERVICES

I appreciate the opportunity to submit testimony on behalf of the Los Angeles County Department of Children's Services. I would like to take this opportunity to thank you, Congressman Downey, for your leadership and dedication to improving the lives of our most vulnerable youth.

CHILD ABUSE, SUBSTANCE ABUSE, SOCIOECONOMIC CONDITIONS TAKING A SERIOUS TOLL ON CHILDREN AND THE CHILD WELFARE SYSTEM

Dramatic increases in child abuse, substance abuse, homelessness and other socioeconomic conditions are having a devastating impact on our communities, on our children, and our child welfare system's ability to assist children once they have been abused or neglected. Nowhere is this more apparent than in Los Angeles County, where over 108,000 children were referred to us for abuse and neglect last year. A majority of these cases -- at least 80% -- involved substance abuse, including an average of nearly 200 referrals per month of drug-exposed babies.

Overall, the children entering our system are increasingly younger, more disturbed and from more dysfunctional families.

AFTER-THE-FACT MENTALITY COSTLY TO CHILD WELFARE SYSTEM AND THE CHILDREN IT SERVES

We are paying a high price for not funding critical family support services, such as parent education, counseling and respite care. We are also paying a high price for not treating addicted women until after they have given birth to a drug-addicted baby. Because we wait until potentially manageable family problems have exploded into major crises, we and the children lining up at our doorstep end up paying the highest price:

In Los Angeles County, nearly 32,000 children were in foster care in 1990, a 70% increase over the past five years; costs for that care jumped 90%, to nearly $254 million. This year, we are operating with a $23 million cut in state child welfare services funding, which is particularly disturbing when one considers that we are already struggling to keep our heads above water with the children now in the system.

Clearly, we cannot afford to go on with business as usual: it is just too costly, to us and to the children we serve.

FAMILY PRESERVATION PROGRAMS PREVENT ABUSE, IMPROVE FAMILY FUNCTIONING, REDUCE OUT-OF-HOME PLACEMENT AND ITS COSTS

Many of these placements could have been avoided had we been able to provide intensive, home and community-based services early on. These services, commonly known as "family preservation services," have helped reduce the need for out-of-home placement and its costs by preventing abuse, improving family functioning and otherwise enabling children to remain safely in their own homes.

Our Department is currently involved in several experimental family preservation efforts with various private agencies, using primarily private funding. In addition, we offer our own Black Family Investment Project in South Central Los Angeles.

The benefits of these programs are already making themselves evident. In our Black Family Investment Project, for example, preliminary data indicate that of the 1,061 children served within the last year (from April 1, 1990 to April 1, 1991) approximately 600 of these cases were given limited, intensive services and closed within 60 days. Of the remaining 461 children, who participated in (or are still in) the full 6-month program, only 55 children (or 5% of the total referrals) had to be placed in foster care.

While I am encouraged by the success of this project, and others like it, unfortunately, these services are available for only a limited number of families, in small pockets of L.A. County.

WHERE WE GO FROM HERE

If we are ever going to make family preservation services available to all of the families who need them -- and, in the process, prevent abuse and bring down costs, it will take:

1) A COMMITMENT TO FAMILY PRESERVATION FROM THE TOP: FROM CONGRESS ON DOWN;

2) A CLEAR SENSE OF MISSION: THESE SERVICES ARE NOT FOR EVERYONE. WE MUST DEFINE WHO WILL BE SERVED AND WHAT CONSTITUTES SUCCESS;

3) FLEXIBLE FUNDING AND EASIER ACCESS TO MONEY (MONEY SHOULD FOLLOW THE CHILD, RATHER THAN THE OTHER WAY AROUND); AND

4) COMPREHENSIVE, INTEGRATED SERVICES (IN PARTICULAR, INTEGRATION OF THE WORK OF PUBLIC HEALTH, SUBSTANCE ABUSE TREATMENT, MENTAL HEALTH, DEVELOPMENTAL, AND CHILDREN'S SERVICES).

FAMILY PRESERVATION ONLY PART OF THE ANSWER

While it is imperative that we expand family preservation services, at the same time, we cannot expect family preservation services to correct all of the problems facing families or the child welfare system. Nor can we neglect the children who need or are already in placement. Instead, family preservation services must be viewed and must be made available as part of a continuum of family support services.

So, in addition to investing in family preservation services, I urge you and your colleagues on Capitol Hill to:

1) SUPPORT EFFORTS WHICH REDUCE STRESS AND ASSIST FAMILIES IN MEETING THEIR CHILDREN'S NEEDS, SUCH AS PARENT EDUCATION, RESPITE CARE, AND ADEQUATE HEALTH INSURANCE;

2) EXPAND ACCESS TO PRENATAL CARE AND SUBSTANCE ABUSE TREATMENT SERVICES FOR LOW INCOME PREGNANT WOMEN AND THEIR CHILDREN AND MAKE THE ELIMINATION OF DRUG USE DURING PREGNANCY THROUGH EDUCATION A NATIONAL COMMITMENT;

3) CONVERT TITLE IV-B TO AN ENTITLEMENT AND SIGNIFICANTLY INCREASE ITS FUNDING (AS IS PROPOSED BY SENATOR BENTSEN IN S. 4);

4) OPPOSE ALL ATTEMPTS TO CAP TITLE IV-E AND OTHERWISE SHIFT FOSTER CARE COSTS TO THE STATES AND COUNTIES;

5) DEVOTE MORE RESOURCES TO FOSTER PARENT TRAINING AND OTHER SUPPORTS FOR THEM, SUCH AS RESPITE CARE;

6) IMPROVE ACCESS TO HEALTH AND MENTAL HEALTH CARE FOR CHILDREN IN FOSTER CARE;

7) MANDATE INTEGRATION OF HEALTH, DRUG ABUSE, CHILD WELFARE AND MENTAL HEALTH SERVICES;

8) SUPPORT 90% FEDERAL FUNDING FOR CHILD WELFARE SERVICES COMPUTER SYSTEMS LINKED WITH HEALTH, MENTAL HEALTH AND DRUG TREATMENT AGENCIES;

9) ASSIST FOSTER YOUTH IN ATTAINING AND MAINTAINING INDEPENDENCE BY PERMANENTLY AUTHORIZING THE INDEPENDENT LIVING PROGRAM; REMOVING ASSET LIMIT RESTRICTIONS FOR THOSE IN THE ILP; PROVIDING FOSTER CARE MAINTENANCE PAYMENTS OR OTHER FUNDING FOR TRANSITIONAL LIVING PROGRAMS FOR THESE YOUTH; AND PROMOTING PUBLIC/PRIVATE PARTNERSHIPS IN THIS AREA; AND

10) REMOVE EXISTING TITLE IV-E 25-BED LIMITATION FOR PUBLIC EMERGENCY SHELTER FACILITIES FOR ABUSED AND NEGLECTED CHILDREN.

This list is long, but critical, if we are to strengthen the child welfare system and prevent more children from having to enter it in the first place. The Los Angeles County Department of Children's Services stands ready to work with you to make early intervention a national practice.

COUNTY OF SUFFOLK

PATRICK G. HALPIN
SUFFOLK COUNTY EXECUTIVE

DEPARTMENT OF SOCIAL SERVICES

RUTH A. BRANDWEIN, PH.D.
COMMISSIONER

STATEMENT FOR HEARING ON THE STATE OF THE NATION'S
CHILD WELFARE SYSTEM
SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS & MEANS

The past decade has been one of great change in the child welfare systems of the counties within New York State.

The overall trend in foster care in the 1980's was one of decrease in the number of children who entered foster care, as a direct result of the emphasis placed on services geared to prevent foster care, along with a focus on permanency planning.

In Suffolk County, a large suburban county of some 1,400,000 population located on Long Island, New York, statistics reflect a decrease in the number of children in foster care through most years of the 1980's. In 1981 there were 771 children in foster home care. In 1989 there were 519 children, a reduction of 32%. This contrasts with 1990 when a sizeable increase in the number of children in foster home care occurred.

In the area of Child Protective Services, with the emphasis on identifying and reporting, and as a result of cases which received national media attention, there was a great increase in the number of reports made to the State Central Registry. For Suffolk County, there were 2745(new reports in 1980, involving 4882 children; in 1990, there were 5472 reports involving 8712 children. This 100% increase in cases required investigation, determination, and continuing service as appropriate to the case needs. The largest increase in these years was in reported cases of sexual abuse of children, 110 reports were registered in 1980, 430 reports in 1990 (see Exhibit I).

Federal funding and emphasis affected these programs directly. As emphasis on prevention led to N.Y. State rules and regulations which allowed increased funding for preventive services, "Mandated" preventive became 75% funded to the county, which represents 25% additional funds for non-IVE foster care cases.

BOX 2000 HAUPPAUGE, N.Y. 11788 (516) 348-2318

In Child Protective Services, New York State recently developed an enhanced funding mechanism whereby counties which reduce their caseload and supervision ratios can obtain an additional 25% reimbursement (75% instead of 50%). Suffolk County has entered into an effort that reduced the caseload/worker ratio to 20:1 and supervisor/worker ration to 1:5.

Our local statistics reflect success in diverting children from foster care programs and maintaining them in their own homes when program emphasis is placed on such efforts.

The maintenance of adequate and stable Federal and State funding for child welfare services continues to be a major concern of localities. Those children needing service pose difficult challenges as a result of drug involvement and proliferating patterns of family violence and dysfunction. An intensified level of service must be available to confront these challenges in order to preserve families and to avoid the social and fiscal consequences of increasing and prolonged foster care placement.

The growing ranks of children entering our foster homes have been swelled by medically and developmentally involved infants and toddlers whose parents have abused drugs, and by large numbers of children who are showing the effects of physical abuse, sexual abuse, or chronic neglect. Therefore, while the number of children cared for in family homes increased from 511 to 567 in the one year period from January 1990 to January 1991, the number of children in these homes with special or exceptional needs grew from 128 to 231 (see Exhibit IV). This need for intensified and specialized service, when coupled with staff erosion and increased and more complex administrative mandates, has seemed to have had a negative effect on our ability to focus on and expeditiously achieve the basic positive goals of the child welfare program.

The experience in Suffolk County has been that fiscal instability has had a negative impact on the viability of the child welfare service system. As Preventive Services staffing has decreased in relation to a growing and more difficult workload, we have noted a stark increase in the numbers of children entering foster care and the expenditures that are necessary to maintain these children. Thus, while Preventive Services workers handled 20 cases and 41 children (plus pending cases) in April 1988, the worker load has increased to 29 cases and 62 children in February 1991 (see Exhibit II). The worker loads in Residential Care have grown from 31.5 cases and 38.8 children in January 1990 to 40.4 cases and 52.8 children in February 1991 (see Exhibit III). This dissipation of service availability in the expensive congregate care sector, compromises our ability to control costs and to tend to a most difficult older child population. The foster care population has grown from 720 to approximately 850 children. Foster care expenditures have also skyrocketed from $13.9 million in 1988 to approximately $20.5 million in 1990.

In terms of broad national policy in regard to family and children's issues, there is a need to focus on the balance between the rights and interests of the parents and the rights and interests of the child(ren). It would appear that the rights of children are not well defined and, in particular, court decisions favor the interests of parents. We would recommend an articulation of a "Bill of Rights" for children.

Our most pressing current concern is in regard to the proposed New York State budget, which would eliminate the state match to the base Title XX funds. The budget also proposes to increase the county's maintenance of effort, so that the state would only reimburse the county for amounts if we spent at a much higher level of county participation. This could mean $1,600,000 in reduced state funding for services such as foster care, child protection and prevention, adult prevention, services to unwed parents, etc. The end result could well be a dramatic increase in foster care.

From our perspective, we would recommend continued federal and state efforts in supporting preventive service and permanency planning services to either avoid foster placement, or continue the focus on foster care as a temporary service to children and families until the child can be returned home or freed for adoption.

Continued funding with required staffing levels for preventive services and foster care would be the direction that should be a model.

Counties cannot absorb the costs to maintain programs if federal and state funding is reduced or eliminated. That will result in the dismantling of systems that have reduced foster care placements when appropriately directed.

The continuing social problems, in particular the difficulties of providing for infants born suffering from substance abuse symptoms indicates the need to better coordinate the funding for substance abuse services and child welfare.

On a local level, Suffolk County is making efforts to try to coordinate planning for services and eliminate duplication. The ideal direction would appear to be a single access for human services with funding that actually requires a single comprehensive, consolidated service plan. The federal government should provide leadership in this area.

Submitted by:
Ruth A. Brandwein, Ph.D.
Commissioner
Suffolk County Department of Social Services

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